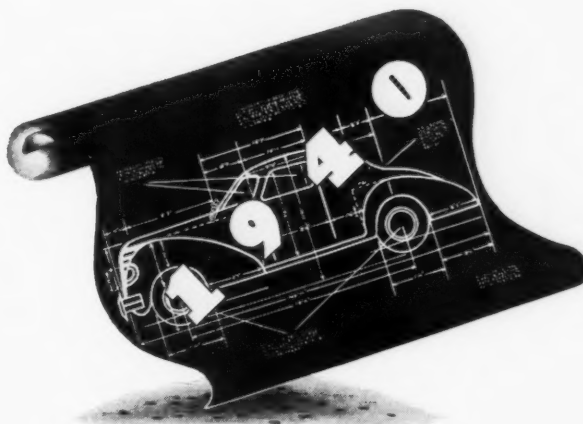


The NATIONAL UNDERWRITER



Accent on Automobiles

1940 sees new and exciting changes in automobiles — larger and finer cars for the money. And Standard Accident's automobile insurance protection *keeps pace* with new and broader coverages, selective ratings, and the Safe Driver Reward. Equally important selling features are: Standard's long experience in automobile underwriting; its continent-wide claim service; its unquestioned financial

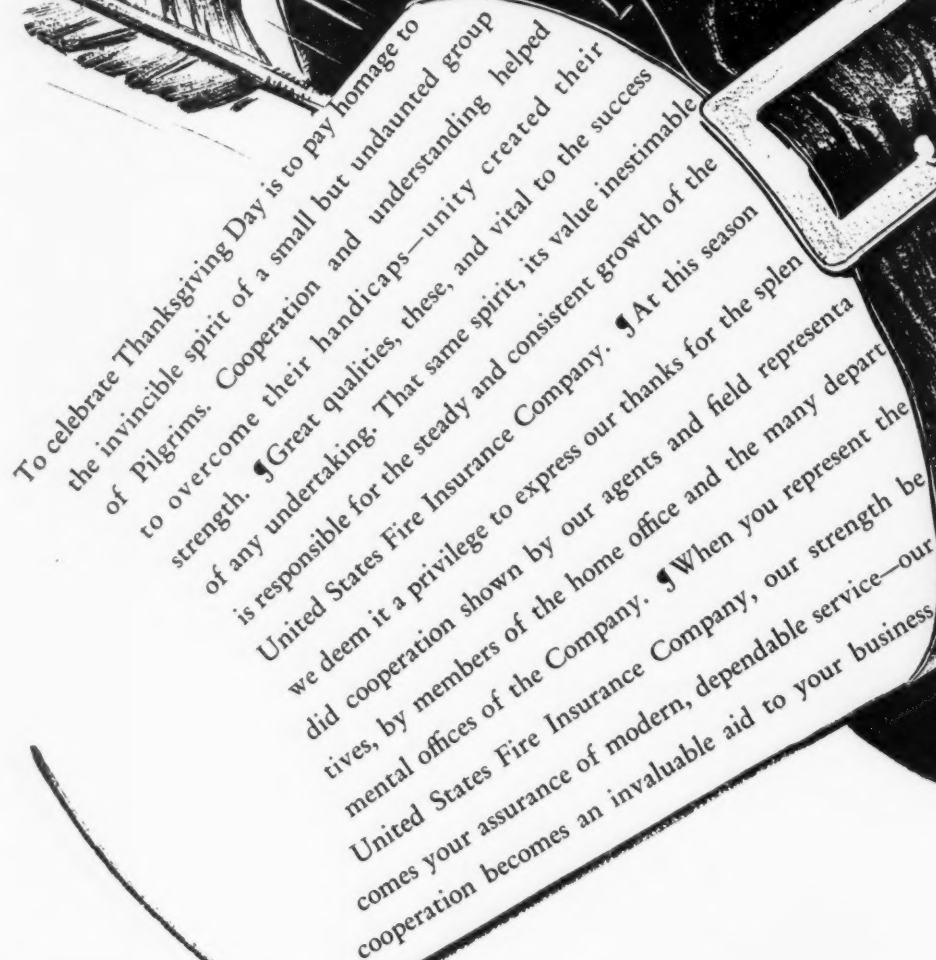
strength; and its 55-year record of prompt, just settlements.

Sell *Standard* automobile coverages *now* for more premiums and greater satisfaction to your assureds. The Company's up-to-date production assistance and effective national advertising will help you to get the business. And its experienced organization of field men, claim men, underwriters, auditors, and safety engineers will help you *hold it*.

STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

THURSDAY, NOVEMBER 9, 1939



To celebrate Thanksgiving Day is to pay homage to the invincible spirit of a small but undaunted group of Pilgrims. Cooperation and understanding helped to overcome their handicaps—unity created their strength. ¶ Great qualities, these, and vital to the success of any undertaking. That same spirit, its value inestimable, is responsible for the steady and consistent growth of the United States Fire Insurance Company. ¶ At this season we deem it a privilege to express our thanks for the splendid cooperation shown by our agents and field representatives, by members of the home office and the many departmental offices of the Company. ¶ When you represent the United States Fire Insurance Company, our strength becomes your assurance of modern, dependable service—our cooperation becomes an invaluable aid to your business.



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INSURANCE COMPANY

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PACIFIC DEPARTMENT
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ATLANTA, GEORGIA

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DURHAM, NORTH CAROLINA

ALLEGHENY DEPARTMENT
PITTSBURGH, PENNSYLVANIA

"My fur coat — stolen!"

The alert agent is now selling Fur insurance. This and the many other Inland Marine coverages can help increase your premium income.



America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane.



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NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President
FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

NEW YORK

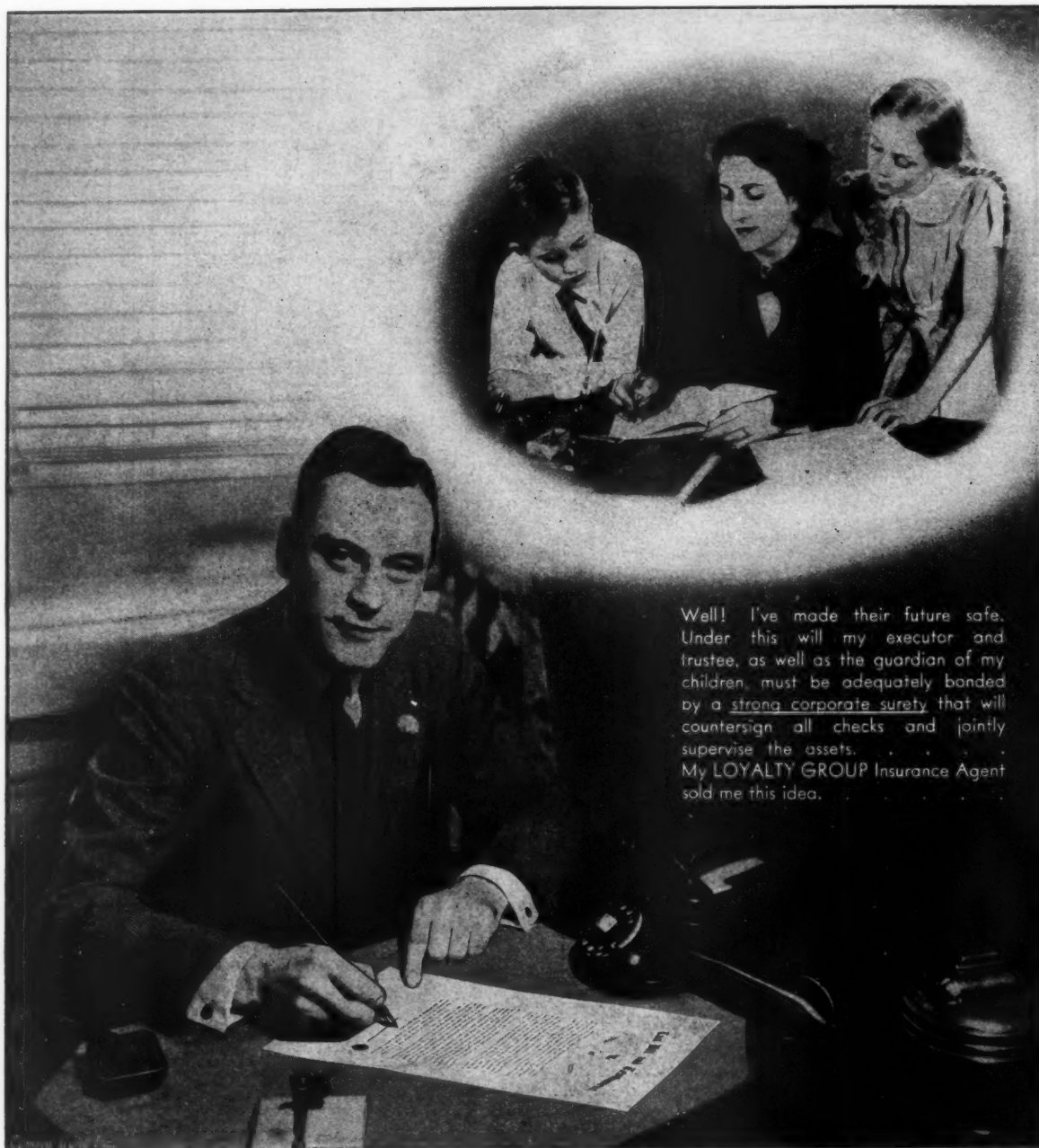
CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL



Well! I've made their future safe. Under this will my executor and trustee, as well as the guardian of my children, must be adequately bonded by a strong corporate surety that will countersign all checks and jointly supervise the assets. My LOYALTY GROUP Insurance Agent sold me this idea.



Firemen's Insurance Company of Newark, N. J.
The Girard Fire & Marine Insurance Company
National-Ben Franklin Fire Insurance Company
The Concordia Fire Insurance Co. of Milwaukee

Milwaukee Mechanics' Insurance Company
Pittsburgh Underwriters • Keystone Underwriters
The Metropolitan Casualty Insurance Co. of N. Y.
Commercial Casualty Insurance Company

Western Department
844 Rush St.
Chicago, Illinois

Southwestern Dept.
912 Commerce St.
Dallas, Texas

Pacific Department
220 Bush St.
San Francisco, Calif.

HOME OFFICE
10 Park Place
Newark, New Jersey

Foreign Department
111 John St.
New York, New York

Canadian Departments
461 Bay St., Toronto, Ontario
404 West Hastings St., Vancouver, B. C.



Commissioners Card for Winter Meeting Is Now Announced

**Large Attendance Is
Expected at the Gathering
at Biloxi**

OKLAHOMA CITY—In releasing tentative program for midwinter meeting of National Association of Insurance Commissioners at Edgewater Gulf Hotel, Biloxi, Miss., Dec. 6-9, Jess G. Read, secretary, stated that the attendance will be larger than the usual December meeting of the past. This estimate is based on inquiries received at his office, reservations already made, and the more than ordinary class of the program for this year's meeting.

While the program is not complete as to all details such as designating certain rooms for committee meetings, exact hours for committee meetings, etc., in the main it calls for the appearance of the governor of the host state, the president of the National Association of Insurance Agents, president of the National Association of Life Underwriters and other celebrities of national reputation.

Hotel Accommodations Ample

The past week Secretary Read wrote all commissioners, the superintendents of the Canadian Provinces and the Commissioner of Mexico, giving information as to transportation, urging all to attend and to make early reservations. Mr. Read also gives assurance of ample hotel accommodations. The headquarters hotel has 16 parlor suites and 340 guest rooms which will take care of not only the commissioners, but the "third house." There are plenty of other good hotels in the immediate vicinity.

Secretary Read and the host commissioner, John Sharp Williams of Mississippi, who is chairman of the executive committee, expect to reach Biloxi two or three days ahead in order to work out any last minute details which might need attention.

The executive committee is scheduled to meet at 2 p. m. Dec. 6, followed by a meeting of the "mortality table" committee. The tentative program as released here by Secretary Read is as follows:

Wednesday, Dec. 6

2 p. m.—Meeting of executive committee, to be followed by meeting of committee on mortality table.

7 p. m.—Old plantation dinner. Dancing.

Thursday, Dec. 7

Meeting called to order, C. C. Neslen, Utah, president.

Welcome to Mississippi, Hugh L. White, governor.

Response, John C. Blackall, vice-president, Connecticut.

Address, "The American Agency System," Sidney O. Smith, Gainesville, Ga., president.

(CONTINUED ON PAGE 13)

Southern Conditions Will Be Reviewed

**Much Interest in Meeting
of Southeastern Under-
writers Association**

NEW YORK—Although the agenda for the semi-annual meeting of the Southeastern Underwriters Association at Pinehurst, N. C., Nov. 13-15, has not yet been issued, it is assumed that there will be considerable discussion as to possible reasons for the increasing fire record throughout sections of the territory, and for the steady downward revision of rates. In the past five years, underwriters figure, rates throughout the south have decreased at least 30 percent. Despite these unfortunate conditions, company chiefs still hope for a change for the better in the near future. They base this feeling on the marked building activity in certain areas, notably in Louisiana, Mobile, Ala., and Jacksonville, Fla., and the building of large airports by the federal government at the last two centers, insuring a marked increase in the permanent population of the two cities. Louisiana, by virtue of its stable sugar and oil industries, has not been affected by the depression, so sorely felt in recent years in many other parts of the country, and continues to be highly prosperous.

Cotton Crop in the South

The 1939 cotton crop in the south, by last government reports, will be close to 11,400,000 bales, at a price range of 9.5 cents per pound. As the government is under contract to ship 10,000,000 bales to Great Britain, it is expected that the excess that has been accumulating will be largely disposed of. The experience of companies in insuring cotton, however, has not been such as to warrant any reduction in rates for coverage in warehouses. Losses in unprotected properties have virtually wiped out the profits secured from risks in sprinklered warehouses. While the steel mills of the north have increased their output very substantially in recent weeks and are constantly adding to their working forces, the gain has not yet reached Alabama. Many of them, shut down months ago through lack of orders, are still closed, or at best are working at only a slight percent of capacity.

CHANGE IN PROCEDURE

ATLANTA—Although only a crowded agenda of routine matters faces the semi-annual meeting of the Southeastern Underwriters Association Nov. 13-15, it is highly probable that important general matters will arise for informal discussion. A change in the general setup of the meeting will cause morning, afternoon and evening sessions. Previous semi-annual sessions have been ushered in by meetings of the various committees on the Saturday preceding the usual Monday, Tuesday and Wednesday gatherings. The Pinehurst meeting this year will begin on Monday and all committees will be required to complete their reports by the full session of the association Nov. 15. On account of this fact, preliminary committee sessions will have to pave the way for the association meeting on the last day.

Changing conditions in economic and

Oklahoma Insurors in Mid-Year Meet

**Report on "Cleanup"
Activities of Oklahoma City
Exchange Is Highlight**

OKLAHOMA CITY—One of the highlights of the mid-year meeting here of the Oklahoma Association of Insurors was the report given by Clarence Haskett on the "cleanup" activities of the Oklahoma City Exchange.

If a man gives his business hours to attend his association meeting, he should be given something of value at the meeting, Mr. Haskett said. The Oklahoma City Exchange has adopted the plan of presenting programs of special educational interest at the weekly meetings. However, its biggest endeavor is the cleanup campaign now in progress, which is proving especially successful.

"Last fall interest lagged somewhat," Mr. Haskett said, "and to our delight we discovered that the Western Underwriters Association is interested in local boards and that it wants the boards active. This naturally stimulated our interest and we launched a campaign by obtaining a list of agents from the board and catalogued them in such a manner that all known facts are available for us at any time, including shifting, new appointments and the like."

Cost \$300, but Worth While

"It cost us \$300 to get these facts but we felt we must know all stock agents and mutual company appointments in both fire and casualty lines, in order to accomplish our purpose. We made a survey of Oklahoma City, held conferences with field men and other company representatives in an effort to agree on the kind of agent that could qualify. We then obtained permission to impose in the city the in-or-out rule and found most satisfactory cooperation from the field men. In fact, today, the feeling between field representatives and local agents is better than ever before. All have the same object and all have the same benefits to derive. The movement took a lot of time and will probably take about three months before we can effect a general cleanup."

He urged other exchanges in the state to take advantage of an information-gathering setup that has been built in this city, to aid them in obtaining similar results in their respective communities. Members feel that payment of \$100 annual dues is well worth while, with the results that are being obtained. In addition the association as a group handles much of the municipal insurance and instead of returning commissions to the individual agent it is being added to the fund for putting over this move, he explained.

John J. Moffatt of Muskogee said similar results had been obtained by the exchange there about three years ago

(CONTINUED ON PAGE 13)

national affairs will in all probability be subjects of informal discussion in the hotel lobby, if not in the meeting itself. For this reason, even the most qualified wisecracks are unable to forecast all of the subjects that will be brought up.

Lyle Gift Slated for the Presidency of Illinois Body

**Annual Meeting of the
Agents Association This
Week at Springfield**

By LEVERING CARTWRIGHT

SPRINGFIELD, ILL.—Lyle H. Gift of Peoria is slated to be elected president of the Illinois Association of Insurance Agents at the closing session of the annual convention here Thursday. H. H. Monier of Champaign has been executive vice-president and was destined to ascend to the presidency, succeeding W. H. Jennings, Jr., of Rockford, but for personal reasons he declined to accept the responsibility. It was uncertain until the last moment which of the regional vice-presidents would be drafted. Mr. Gift is an earnest organization leader and will take the work to heart. He is prominent in civic affairs. He was featured as the first person in Illinois to take the test for a driver's license that is required of physically handicapped applicants. He lost a leg in the war.

Opened with Breakfast Conferences

The convention got under way Wednesday morning with breakfast sessions, one for rural agents and one for rural vice presidents. Then there were several group luncheons. The first general session was conducted Wednesday afternoon, the principal speakers being Sidney O. Smith, president National Association of Insurance Agents; Roy A. Duffus of Rochester, N. Y.; R. I. Catlin, vice-president Aetna Casualty, and H. P. Janisch, manager Associated Insurance Agents & Brokers.

Spencer Welton, vice-president Massachusetts Bonding, performed as toastmaster at the banquet Wednesday in brilliant style. The speaker was Tom Collins of the Kansas City "Journal-Post."

The directors had a conference Tuesday evening at the home of Alvin S. Keys, chairman of the advisory committee.

Blue Goose Function

James E. Guy, automobile manager of America Fore, was unable to attend and preside at the Illinois Blue Goose stag party Tuesday evening at Springfield because he had just returned to his desk after a serious illness. Mr. Guy is most loyal gander of the Blue Goose and chairman of the entertainment committee.

A number of the agents attended the stag party of the Illinois Blue Goose session. R. H. Gregg, Crum & Forster, Decatur, presided and served as master of ceremonies at the floor show. H. A. Reinebach, Illinois Inspection Bureau, presented the Blue Goose golf cham-

(CONTINUED ON PAGE 10)

Opportunity Shown for Increased Farm Business at Present

G. M. Craig of Chicago, Assistant Farm Manager Home, Illinois Speaker

SPRINGFIELD, ILL.—G. M. Craig of Chicago, assistant manager of the farm department of the Home of New York group, spoke before the annual meeting of the Illinois Association of Insurance Agents at the rural agents conference, discussing the present farm insurance outlook. He represented the



GEORGE M. CRAIG

Farm Association. He introduced his talk by giving four unsatisfactory conditions and then balanced this by giving six satisfactory.

Unsatisfactory and Satisfactory

The unsatisfactory conditions are: (1) Activity of the farm bureau insurance; (2) increased aggressiveness of farm mutuals and reciprocals; (3) growing tendency of the government to sponsor mutual insurance—in fact, to enter the insurance business; (4) increased farm insurance loss ratio.

The satisfactory conditions are: (1) The accomplishments of the Business Development program; (2) apparent renewed determination of agents and companies to recover business lost to farm mutuals; (3) the liberality of the new policy farm forms and new coverages granted; (4) increased farm values—buildings and personal; (5) increased farm fire prevention activity; (6) organization of rural agents groups.

Farm Bureau Competition

"In many communities a large proportion of the farmers are members of the Farm Bureau, either by choice or because their friends insist that they must belong. Some farmers honestly think that it is their plain duty to buy insurance in a mutual company backed by the Farm Bureau—in fact, think everything they buy is cheaper and better if purchased through the concerns sponsored by the bureau," Mr. Craig said.

"Other farmers—and probably this is a very large group—take their insurance with the Farm Bureau company because they are worried, bamboozled and bullied by zealous members into doing so."

"Leaders of the Farm Bureau spend

(CONTINUED ON PAGE 32)

Finance Business Agents Scrutinized

Tennessee Commissioner Sends Out Detailed Questionnaire on Practices

NASHVILLE — Commissioner McCormack is notifying Tennessee agents selling insurance on financed automobiles and merchandise that a six-page (legal size) questionnaire must be filled out and sworn to before their license will be renewed. Wherever the names of such agents can be obtained by the insurance department, the questionnaire blank is being mailed and the commissioner is requesting all stock insurance agents and local exchanges to furnish him with names of agents coming within this classification in their locality. E. D. King, manager licensing division, stated that only 12 questionnaires had been mailed out to date, but that a list of about 12 other names had been received from the Memphis Insurance Exchange.

Many Details Developed

In the lengthy questionnaire, which was approved by the attorney-general, every detail of agent or agency organization and methods of operation is developed. The "applicant, agent, or solicitor" must disclose all agency connections, companies underwriting all policies on finance accounts, connection with any "finance company, bank, trust company, individual, or corporation," and must state all types of insurance sold on such risks.

The questionnaire asks whether a "master policy" or an "individual policy" is issued and requires that a copy of policy and any certificate issued be filed with the questionnaire. Master policies are subject to the written approval of the state insurance commissioner and must show in at least 8 point type "perils insured against, the limits of coverage, and the premium applicable to each peril." Where a master policy is used a certificate of insurance must be issued not later than 20 days after the effective date of the insurance.

Law Forbids All Returns

The Tennessee law forbids the return of any part of "any dividends, savings, return premiums" to any finance company, bank, trust company, individual,

Will Preside Over Indiana Agents Rally

At the annual meeting of the Indiana Association of Insurance Agents at the

Indianapolis Athletic Club in Indianapolis Thursday and Friday of this week, Ross E. Coffin of that city, head of the organization, will preside. Mr. Coffin has been a local agent and is now state agent for the Eagle Star and Boston and Old Colony, but agreed to continue as president until the annual meeting. The Indiana agents always get up a good program, there being a number of live wires throughout the state who can be counted on for real service. J. W. Stickney of Indianapolis is treasurer and Atwood L. Jenkins of Richmond, national councillor.



R. E. COFFIN

corporation, or insurance company, being aimed at the practice of sharing the proceeds of premium payments with the financing agency to supplement other charges for financing the goods.

According to Sections 6137-6140 of the Tennessee code only a "licensed resident Tennessee agent" can handle this type of insurance and "premiums for such must be remitted in full without any reduction whatsoever to such policy writing agents." However, only those resident agents who submit the information required in the questionnaire will be eligible for relicensing.

Relationships Are Considered

The questionnaire further develops any possible compensated relation an agent may have with any concern selling or financing automobiles and other merchandise, also the source of any information as to prospects for this type of insurance. The agent is questioned in regard to his ability to service insurance contracts and whether he solicits renewals of policies issued in this manner.

Commissioner McCormack insists that he is not a crusader but intends only to prosecute individual violators of insurance laws revealed by investigations made by his office.

M. V. Campbell Clarifies Several Marine Issues

Western Manager of Automobile Leads Discussion at Illinois Agents Rally

SPRINGFIELD, ILL.—M. V. Campbell, manager of the western marine department of Automobile, posed and answered a number of practical questions concerning inland marine underwriting at a group luncheon meeting during the course of the convention of the Illinois Association of Insurance Agents here.

In the form of an answer to a question he discussed the operations of the Illinois Householders Personal Property Floater Bureau. Mr. Campbell said that this bureau and the rulings of Insurance Director Palmer in connection therewith were not initiated by the marine fraternity nor did the marine companies seek legislation giving the department rate regulation authority over the personal property floater. However, he said, the legislation and the rulings have proved to be helpful in the conduct of the business.

Rates Are Stabilized

The bureau has served to stabilize rates in providing uniform policies which in their present amended state are liberalized in the public interest, he declared. The agents and companies are obliged to abide by the law. Mr. Campbell said if there were no bureau and if some of the companies that are comparatively new in the marine field were permitted to continue their "discriminatory underwriting as between assured, in that some were getting better policies and lower rates than others, and these from the same uninitiated companies, we as companies and you as agents would be in a state of chaos."

Mr. Campbell discussed the question of the line in the personal property policy between property pertaining to the assured's business, profession or occupation. If the property of an assured pertains to his business, profession or occupation it is not covered by the policy. He said that law books of a lawyer, whether in his office, home or carried by him on a business trip are not intended to be covered under the policy. A violin professionally used by a music teacher, in the strict sense of the word is not covered. The portable typewriter of a salesman is not covered. The circumstances must be taken into consideration and the lines cannot be drawn too fine. While there is not a clear line as between personal and professional use the company is likely to resolve the question to the advantage of the assured, Mr. Campbell asserted.

Property of Servants

Mr. Campbell asked whether the 10 percent limitation applying to property of servants also applies to the \$250 restriction on unscheduled jewelry and furs. He expressed the opinion that the limitation affects the \$250 restriction on unscheduled jewelry and furs only to the extent that any recovery from loss or damage to such property belonging to servants is limited to 10 percent of section 3 (a) of the policy but not more than \$250. If there is \$3,000 scheduled under section 3 (a), and the servant loses a ring having a value of \$250, the company shall be liable up to \$250.

He discussed appraisals for jewelry. All companies do not insist upon such appraisals, he said. Some companies

(CONTINUED ON PAGE 12)

THIS WEEK IN INSURANCE

Illinois agents hold annual meeting in Springfield. Lyle H. Gift slated for president. **Page 3**

Southeastern Underwriters Association, at its semi-annual meeting at Pinehurst, will discuss the conditions throughout the south. **Page 3**

Oklahoma Association of Insurers holds well-attended midyear meeting in Oklahoma City. **Page 3**

Program is announced for the winter meeting of the National Association of Insurance Commissioners. **Page 3**

Brokers and agents in Illinois hold last-minute conferences in an attempt to decide upon a course of action, as the deadline approaches for petitioning for a review of Director Palmer's order fixing commissions in the automobile line. **Page 6**

H. H. Dunning of Gage, Okla., discusses some of the problems of rural agents at the Oklahoma agents meeting. **Page 6**

Strong effort to conciliate expected in effort to patch up situation due to Fireman's Fund resigning from Inland Marine Underwriters Association effective Jan. 10. **Page 5**

G. M. Craig of Chicago, assistant manager farm department of the Home, speaks before rural agents group of Illinois Association of Insurance Agents on present farm insurance outlook. **Page 4**

Paramount Fire applies for admission to all the company jurisdictional organizations. **Page 5**

Tennessee insurance department to make detailed checkup on agents selling insurance on financed automobiles and merchandise. **Page 4**

Annual meeting of the Eastern Underwriters Association will be held in New York, Dec. 18. **Page 5**

Harold E. Taylor, sales promotion manager for the American of Newark group, in his talk before the Illinois agents, shows the value of local representatives cooperating with credit men. **Page 6**

Program is announced for the Connecticut Association of Insurance Agents annual meeting at New Haven. **Page 7**

North British & Mercantile is celebrating its 130th anniversary this week. **Page 9**

Companies granted right to appeal to the United States Supreme Court in Virginia counter-signature law constitutionality suit. **Page 17**

R. I. Catlin, vice-president of Aetna Casualty, makes an earnest plea to reduce the number of uninsured motorists, in addressing the annual meeting of the Illinois Association of Insurance Agents. **Page 19**

Prominent head of a large agency makes some interesting comment on acquisition cost and the importance of properly remunerating the smaller producers. **Page 17**

Annual meeting of the National Council on Compensation Insurance will be held in New York, Dec. 14. **Page 19**

Claims Bureau of the Association of Casualty & Surety Executives holds forum at headquarters in which the work of the bureau is set forth. **Page 18**

Little change made in compulsory automobile liability insurance rates in Massachusetts for 1940. **Page 18**

Emphasis Is Again Placed on Town Inspections

Chicago Conference Indicates Companies Will Push Work for Public Relations

Town inspections in the Western Actuarial Bureau territory are likely to be conducted with more earnestness and more intelligence, as a result of the stimulation and information received by the presidents and secretaries of the state fire prevention associations at a two-day conference in Chicago this week. The sessions were presided over by R. E. Vernor, head of the fire prevention department of the Western Actuarial Bureau. Emphasis was placed upon the enormous potential public relations value in this work and there is no doubt that the officers attending got a vital conception of the opportunities and will organize the work in their jurisdictions much more effectively.

The town inspections in a good many states have become somewhat perfunctory. Until about 10 years ago annual conferences of the kind held in Chicago this week were conducted every year and those gatherings undoubtedly caused the interest to be maintained at a peak. However, there has been a lapse of 10 years when no such meetings were held. There were 18 states represented at the Chicago meeting. The mountain states of Colorado, Wyoming and New Mexico conduct inspections through a committee of the Rocky Mountain Fire Underwriters Association and that committee was represented. In addition the fire prevention committee of the Cook County Field Club had delegates at the meeting.

Record of 17 Years

Mr. Vernor, in his opening talk, stated that in the 17 years that the inspections have been conducted, 1,200 cities have been inspected. Some 265,000 risks have been visited and 980,000 recommendations made, and 400,000 of the hazards have been removed.

(CONTINUED ON PAGE 30)

Annual Meeting to Be Held in Dec.

Seems Likely R. R. Martin Will Again Head the Eastern Underwriters Group

NEW YORK—The Eastern Underwriters Association will hold its annual meeting at the Waldorf-Astoria Hotel Dec. 18, at which time the president will review the activities of the body in the past year, reports will be submitted by the standing committees and officers for the new year chosen.

Formed 13 Years Ago

Almost 13 years have elapsed since the E. U. A. was formed to replace the old and wobbly Eastern Union, within which time the succeeding body has exerted a wholesome influence on the field under its jurisdiction and today has a membership of 170 companies. R. R. Martin, United States manager of the Atlas, is the present president; Esmond Ewing, vice-president Travelers Fire, and P. B. Sommers, president American of Newark, vice-presidents, and B. M. Culver, president America Fore, treasurer. In all probability all will be re-elected at the gathering next month. The posts of manager and secretary are appointive and are held respectively by Sumner Rhoades and H. Belden Sly. Mr. Rhoades, former secretary of the New York Fire Insurance Rating Organization, was named to his present office when the E. U. A. was formed, and has so continued through the years. Mr. Sly joined the staff some time later.

Pacific Board Meeting Thursday

SAN FRANCISCO—Because of a short agenda the semi-annual meeting of the Pacific Board is being held at the Claremont Country Club—across the bay from San Francisco—Thursday.

Principal business matters include reports by the supervisory, executive, public relations and general agency committees. Consideration of board rules relating to appraisals of property by company members is expected to develop discussion, together with another item on agencies. At present the board rules prohibit property appraisals by companies.

Resolutions of condolence to the families of the late Fred M. Branch, former coast manager of the New York Underwriters who was killed in an automobile accident a few months ago, and E. C. Landis will be adopted.

Paramount Fire Is Seeking Entrance to Company Bodies

The Paramount Fire of New York has applied for admission in all the jurisdictional bodies, the Eastern Underwriters Association, Southeastern Underwriters Association, Western Underwriters Association and Pacific Board. The management announced long ago that it intended to ally itself with these organizations and would square itself with the rules and practices of local boards. It also announced that it would subscribe to the fundamental principles of the National Association of Insurance Agents as to ownership of expirations, overhead writing, bank agencies, etc.

Admission of the Paramount to membership of the Eastern Underwriters Association was recommended by the executive committee at its meeting last week. The vote of the membership will be held in December. In connection with the application, particular attention was given to its plan for insuring mortgaged property as well as the method of operation. The business will be automatically insured by the Home.

Following approval of the application by the membership committee and the executive committee, it is taken wholly for granted like action will be taken by the general membership at the annual meeting Dec. 18. The application was first considered at the October meeting of the association, but due to the absence of several members of the executive committee, the matter was held in abeyance.

OPERATIONS IN TENNESSEE

NASHVILLE, TENN.—Judging by the number of agents licensed to represent it in the first 30 days after being licensed, Paramount Fire's activities in Tennessee will be limited or at least plans for operation are slow in developing. To Nov. 4, only eight licenses to represent the new company had been issued. Four of these were issued to E. E. Murrey, vice-president of Paramount, and three of his associates in the First Mortgage Co. of Nashville. The four other licenses went to the Stevens-Summers Co., Dyersburg.

E. C. Burkett, who has been with the Indianapolis agency of the Aetna Casualty, has opened a local agency at 520 Merchants Bank building.

John Shartle and Scott Bridge, Troy, O., have purchased a controlling interest in the Yantis Insurance Agency from Forest Yantis. A. D. Hamilton, Jr., has been appointed manager. Miss Grace Rogers will continue as secretary.

May Conciliate on Fireman's Fund's Resignation

Strong Effort to Mediate Differences in I. M. U. A. Expected Before Jan. 1

Resignation of Fireman's Fund from the Inland Marine Underwriters Association, tendered Nov. 1 and to take effect under the rules Jan. 1, it is reported very probably will be avoided by some give and take on both sides of the controversy.

Withdrawal of Fireman's Fund, it is conceded, might have serious consequences. It might conceivably precipitate resignation of other companies, which under the rules need give only five days' notice effective Jan. 1. Marine men generally fear that any breakdown of control of the inland marine situation as represented by I.M.U.A. might lead to dictation by the states as to rates, rules and commissions.

Cause of the Disagreement

The Fireman's Fund's decision to leave the fold was brought on by disapproval Nov. 1 by the I.M.U.A. of W. A. Alexander & Co. of Chicago as a general agency of that company for inland marine. This action involved a question that dated back to the time of formation of the I.M.U.A. more than six years ago, and which in the case of Fireman's Fund had been tabled by I.M.U.A. throughout that entire period.

When I.M.U.A. was organized, Fireman's Fund agreed to become a member on the basis of filing an exception to the commission rules in the case of Alexander & Co. A number of other companies did likewise for agencies whose representation and commission arrangements were of long duration and it was felt should not be disturbed.

It is reliably reported that these inland marine markets and their Chicago agencies for which they filed with I.M.U.A. on an excepted basis were: Appleton & Cox (United States Fire), Osborn & Lange; St. Paul F. & M., A. F. Shaw & Co.; W. H. McGee & Co.

(CONTINUED ON PAGE 31)

WILL GIVE REPORTS AT ILLINOIS AGENTS MEETING



MRS. LILLIAN L. HERRING, Chicago Secretary



P. B. HOSMER, Chicago National Councillor



H. H. MONIER, Champaign Executive Vice-president



WADE FETZER, JR., Chicago Education and Public Relations

Country Agents See Problems Peculiar to Their Bailiwick

H. H. Dunning of Gage, Okla., Deals with Work Among the Farmers

H. H. Dunning of Gage, Okla., discussed some of the problems of the small town agents at the midyear meeting of the Oklahoma Association of Insurers. Naturally farm insurance constitutes a substantial portion of the revenue of rural representatives. He spoke of two problems that seem large to him. The lessened farm income with its constant deterioration of buildings means less coverage, greater potential loss from storms and more obvious desire on the part of policyholders to claim borderline damage. The competition from mutuals and reciprocals becomes more keen. Mr. Dunning said that owing to deterioration in building values, he makes a careful inspection in company with the policyholder. He takes plenty of time to look over livestock, machinery, crops or anything else that is interesting to the assured. He said that a visit should be timed if possible so that no one will be hurried. He aims to meet members of the family and talk to them. Mr. Dunning said that most of his farm policyholders have mortgages on their property and in order to save money they decide to cut the coverage merely to meet the loan requirements.

How He Keeps Face Value Up

At this juncture Mr. Dunning uses the information that he has gotten from his inspection trip. He endeavors to inspect each room in the dwelling, making an approximate value of the personal property. The wife is usually an ally in this work. He goes through the barns and outbuildings and takes cognizance of farm implements, grain, feed and other contents and calls attention to the fact that they all run up into real value. He thinks that a live agent need never lose in the amount of insurance represented in the face value, if he is alert to pointing out actual worth of property.

In the inspection trip he calls attention to roofs that are in bad shape, chimneys that need repairing, foundations that are loose or any other factor that may enter into the adjustment of a loss. Attention is called to the fact that these various features are very important in order to avoid disputes in an adjustment.

Makes An Inspection

Mr. Dunning declared that often a policyholder goes to the agent's office, having a notice from the loan company and has come prepared to renew the insurance. The easiest way out, he said, would be to take the application for the reduced amount the farmer has calculated, but the conscientious agent, he said, does not stop there, but goes to the farm and makes the personal inspection.

The next point that Mr. Dunning discussed was the competition with farm mutuals. He gets a copy of the policy of the mutual and gives it close study. The stock companies, he said, are very helpful in furnishing facts and figures and therefore he is well armed to combat this competition. He makes his office headquarters for all farm movements in the county.

He is active in the PCA, National Farm Loan Association and other activities. The low farm prices of 1933 had

Banquet Speaker



TOM COLLINS

At the Illinois Association of Insurance Agents' annual banquet in Springfield this week, Tom Collins, humorist and philosopher of the Kansas City "Journal-Post," spoke on "Real Social Security."

a very depressing influence on farmers. They were buying their coal, flour and many other products in carload lots. They were having weekly meetings at the country school houses. The savings were advertised and magnified. Meeting in Mr. Dunning's office were most of the farmers and they were leaders in the cooperative movement. Mr. Dunning made it a point to stress the high personal service right at hand that he offered. He called attention to the fact that he was a local man, patronizing local enterprises and always at hand for insurance service. He said that if the middle man was being dispensed with in other lines then he might as well be thrown out everywhere. He suggested that the farmers form their own reciprocal group. Mr. Dunning proposed that a small assessment be levied. If the assessment paid the losses, well and good but to be sure that all claims could be cared for he suggested that each sign a mortgage on his farm and a note in blank so that if there was a very serious loss it would be possible to bring suit. This proposition did not seem attractive, but it gave Mr. Dunning an opportunity to compare thoroughly the stock company contract with the reciprocal and mutual policy.

Farmer Friendship a Big Help

Mr. Dunning said that it is not possible for most agents to compete successfully with the local secretary of the mutual unless he has well grounded knowledge of what the mutual has to offer. He said that his problems with the mutuals have been largely solved because of his activity with farmer groups. He helped them in a number of ways.

Many rural agents write policies for immediate delivery. If an inspection has been made then the agent can be sure that when the daily report reaches a company it will not be necessary for it to ask to modify or cancel the contract.

Mr. Dunning referred to what he termed the "special risk." It is one with which the agent is not entirely familiar. He declared that the wisest course to pursue is to admit frankly that he is not familiar with this particular type. He gets in touch with a field man and he is usually able to issue a binder or if the case is not an emergency to submit an application. He is careful, he said, to give all the facts as he would rather lose the business than to have it improperly written.

The high rates on business property in small towns, he said, constitute sometimes a problem that prevents proper coverage. Agents, he said, should become familiar with the factors that make rates. There are obvious hazards that

Sees Big Source of Developing Income

Harold Taylor Urges Cooperation with Credit Men on Part of Agents

SPRINGFIELD, ILL. — "Cooperation between insurance agents and credit men will mean \$7,000,000 in new premiums for Illinois agents," Harold E. Taylor, sales promotion manager for the American of Newark, said in addressing the annual meeting of the Illinois Association of Insurance Agents. Mr. Taylor explained how he arrived at this figure. "The National Association of Credit Men has approximately 20,000 members, and a conservative estimate puts the average number of open accounts per business firm at 100. If each member requests that an insurance analysis be made for each open account, and insurance agents are ready and willing to make them, 2,000,000 analyses will be made," he said.

Will Require Additional Insurance

Continuing he asserted: "These analyses will reveal unprotected hazards which the credit man will bring to the attention of his creditor, and require of him that he take additional insurance if he wants to continue to enjoy credit extension. And since firms of all sizes buy on open account, the average amount of additional premiums each analysis will produce can be very conservatively estimated at \$50. Hence the total potential premiums we can expect to be produced through this medium is arrived at by multiplying the 2,000,000 analyses by the \$50 average per analysis, giving us the staggering figure of \$100,000,000 country-wide."

"Last year Illinois produced approximately 7 percent of the total fire premiums written in the United States, and therefore, it is reasonable to assume Illinois agents will get about the same percentage of this additional revenue—or about \$7,000,000."

Sees Number of "Ifs"

Mr. Taylor readily admitted that there are a number of "ifs" bearing on the acquisition of such a huge amount of additional business, but said the biggest "if" was up to the agents themselves. If, when they receive a request from a credit man for an analysis of the insurance protection carried by one of their clients, they handle it promptly and conscientiously, the credit man can be counted upon to call to the attention of their mutual customer the need for remedying any oversight in his insurance which affects his credit standing.

The request for such an analysis will be made to the favorite agent of the assured, as specified by him, and hence there will be no "twisting" of accounts. It will mean more business for the present agent, he added.

can be corrected at small costs and the rates can be reduced accordingly. He said that he had had the experience of getting rates reduced for a number of customers and the character of his service led to new business for his agency.

He summed up his views as follows: "1. As to proper and careful inspection of farm risks, it is my conviction that if we are to stay in the farm business, the agent must do his full share of the work. I do not believe any agent, who looks after his farm insurance properly, need fear loss of business to any mutual or reciprocal."

"2. The free use and counsel of your state or special agent will add volume to your agency and respect of your clients. A knowledge of what makes a rate gives you a long start in meeting any competition from other agents."

The **Sven** is withdrawing from California.

Producers Chart Course in Illinois, Confer with Palmer

Deadline for Bringing Action on Commission Issue Is at Hand

SPRINGFIELD, ILL.—It is understood that Director Palmer would be willing to amend his ruling to set the maximum commission to agents at 30 percent and to brokers at 20 percent. T. F. Coleman and A. T. Graham conferred with Mr. Palmer Tuesday afternoon and J. K. Walker had a talk with Mr. Palmer Tuesday evening. The brokers still seem disposed to take the issue to court.

The hour is fast approaching when the Chicago agents and brokers must definitely reach a decision as to whether they will take formal action at this time contesting the ruling of Insurance Director Palmer setting the commission to agents at 25 percent on automobile fire, theft and collision and to brokers at 15 percent. Mr. Palmer's ruling was dated Oct. 10 and under the Illinois insurance code, petitions for review of departmental orders must be filed within a month. Thus Friday is the deadline.

The two representatives of the Insurance Brokers Association of Illinois, who have been acting for that organization, went to Springfield Tuesday to discuss the situation with Mr. Palmer. They are A. T. Graham and T. F. Coleman.

Two representatives of the Chicago Insurance Agents Association had a lengthy interview with Mr. Palmer last week. They were J. K. Walker of Moore, Case, Lyman & Hubbard, who is chairman of the agents association, and Eugene Engelhard of Engelhard & Co., who is chairman of the special committee of the agents association.

Petition for Review

If any action is taken at this time it must be in the form of a petition for a review of the order. Then after hearings are conducted and if Mr. Palmer should reaffirm his ruling, an appeal can be taken to the courts.

Should no action be taken at this time, it is said that nothing can be done until after Jan. 1, when the ruling becomes effective. At that time injunction proceedings might be instituted.

Apparently the brokers and agents were having difficulty in seeing eye to eye on a course of procedure. The brokers were more inclined to start a proceeding to challenge the ruling, while the agents were anxious to exhaust every conciliatory opportunity. It is said that some of the agents are willing to permit Mr. Palmer to assume control over commissions without a contest, but would like to have a modification of the ruling to permit 30 percent commission to agents and 20 percent to brokers.

The brokers, it is understood, have been consulting the Chicago law firm of Ashcraft & Ashcraft and this firm will bring an action if the brokers decide upon that course.

Have Conference with Palmer

When representatives of the Chicago Insurance Agents Association conferred with Director Palmer, it was thought that on their return to Chicago they could confer with the Insurance Brokers Association of Illinois and perhaps then could work jointly, seeking another conference with Director Palmer.

The executive committee of the brokers association felt that it would be more desirable for its representatives to have a preliminary conference with Director Palmer alone before they acted jointly with the agents' committee. Hence, T. F. Colman and A. T. Graham of the brokers association went to Springfield to confer with Director Palmer.

The future action of the two groups will depend on the conclusions the brokers' committee reached in its Springfield conference. President John K. Walker of the Chicago Insurance Brokers Association and his conferees left for Springfield Tuesday night to attend the annual meeting of the Illinois Association of Insurance Agents.

Cincinnati Prize Golfers

CINCINNATI—Winners in the final tournament of the Cincinnati Insurance Golf League are; G. B. Wilson, first; W. R. Perkins, second, and A. T. Clemons, third, agents; P. F. Brown, Hanover, first; O. F. Rieg, Home of New York, second, and Walter Millar, North America, third, field men. Mr. Perkins is president of the league and M. Van Haun, Western Adjustment, secretary.

N.A.U.A. Directors Meet Nov. 16

NEW YORK—Directors of the National Automobile Underwriters Association will meet here Nov. 16. No general meeting of the association membership has been announced.

Sumner Miller, assistant manager in the Rockford, Ill., department of the Security of New Haven, is rounding out 40 years of service with the company. He started with the western department of the Security and the old Rockford, then under the management of the late C. E. Sheldon, Nov. 1, 1899. He is a former field man. Mr. Miller has been a very faithful and intelligent underwriter and is held in high esteem by the Security agents.

Municipal Group Endorses Further Fire Rate Study

Without comment or public discussion, the American Municipal Association, at the close of its convention in Chicago last week, adopted a resolution urging cities to pay close attention to their fire insurance rates. Prior to the convention the association issued a bulletin based on information obtained from a number of cities in nine states, showing that in the cities from which figures were obtained the ratio of losses to premiums was considerably lower than the usual fire loss ratio. The resolution indicates that the association itself will not take any action. It recommends that the 42 state leagues which compose the association study the facts in their own states, and if the rates appear to be inequitable, bring the facts to the attention of the proper rating organizations and state insurance authorities.

The matter has been approached in a friendly manner by both the association and fire insurance men, and all parties have shown a disposition to cooperate.

MINNESOTA LEAGUE ACTIVE

ST. PAUL—The League of Minnesota Municipalities, one of the members of the American Municipal Association, has followed the lead of the parent body in making a survey of fire insurance rates on municipal property in this state. Information obtained from the survey indicates that the loss ratio in the Minnesota cities surveyed is about 22 percent. A Minneapolis paper commented on this survey and supported the request for separate classification and rating of municipal properties. It suggested that a reduction in municipal fire rates might increase premiums by obtaining insurance from many larger cities which are now self-insurers.

Hardware Indemnity of Minneapolis has been licensed in Ohio and California.

New President



B. E. BEACH

B. E. Beach, known to the fraternity as "Pop" Beach, head of Beach & Dickinson Company, local agents at Huron, S. D., who has become president of the South Dakota Association of Insurance Agents, is 79 years of age. He has been in insurance since 1902. President Beach is blessed with unusual activity for one of his age. He is on the firing line all the time and realizes that competition is keener than ever before.

Mr. Beach is a pioneer resident of South Dakota and has been active in the development of Huron. He was first secretary of the Huron Elks lodge when the organization was established 40 years ago.

He is well known to many in the insurance business.

Program Announced for Connecticut

The Connecticut Association of Insurance Agents will hold its annual meeting Nov. 16 at the Hotel Taft, New Haven. An attractive program has been arranged and a gathering of 150 or more is expected to attend the one day session. The morning will be devoted to reports of officers and committee chairmen, including the election of officers.

The speakers and their subjects are:

"Some Aspects of Casualty Insurance," John C. Blackall, Connecticut commissioner.

"An Insurance Education," E. G. Baird, Hartford College of Insurance & Law.

Address by A. J. Smith, New York City, National association executive committeeman.

"M-Day for Private Enterprise," Walter Meiss, executive general agent, London Assurance.

"Local Agency Advertising from the Viewpoint of an Insurance Newspaper Editor," Elmer Miller, Jr., managing editor "Insurance Field."

"My Grandfather's Woodchuck," Prof. W. P. Eaton, department of drama, Yale University.

Ohio Ruling on Financed Articles

COLUMBUS, O.—Insurance Superintendent John A. Lloyd has ruled that return premiums on articles sold on the installment plan must be paid direct to the purchaser. The ruling is effective Dec. 1 and it applies to dividends as well as return premiums, where insurance is written in a participating carrier. Mr. Lloyd stated that many small loan companies, discount houses, banks, finance companies and the like had been carrying insurance on financed articles covering the interest of both the purchaser and the finance company and charging the purchaser for the premium, but retaining dividends and return premiums.

Reinsurance of Fire and Allied Lines

NORTH STAR REINSURANCE CORPORATION

90 JOHN STREET, NEW YORK • 200 BUSH STREET, SAN FRANCISCO

Financial Statement, June 30, 1939

ASSETS		
CASH IN BANKS.....		\$ 665,268.47
INVESTMENTS:		
U. S. GOVERNMENT BONDS.....	\$1,070,833.24	
OTHER BONDS.....	848,927.75	
MARKET VALUE OF STOCKS.....	1,563,430.00	
MORTGAGE LOANS.....	38,500.00	
REAL ESTATE OWNED.....	7,500.00	
TOTAL.....		3,529,190.99
BALANCES DUE FROM CEDING COMPANIES (NOT OVER 90 DAYS DUE)....		117,331.82
ACCRUED INTEREST.....		15,141.01
TOTAL ADMITTED ASSETS.....		\$4,326,932.29
LIABILITIES		
RESERVE FOR CLAIMS AND CLAIM EXPENSES.....		\$ 204,698.70
RESERVE FOR UNEARNED PREMIUMS.....		2,058,087.53
OTHER RESERVES.....		62,471.19
CAPITAL STOCK.....	\$ 600,000.00	
SURPLUS.....	1,401,674.87	
SURPLUS TO POLICYHOLDERS.....		2,001,674.87
TOTAL.....		\$4,326,932.29

Bonds and stocks owned are valued in accordance with the requirements of the New York State Insurance Department, viz.:—
Bonds on an amortized basis, stocks at June 30, 1939 market quotations. If bonds owned were valued on the basis of June 30, 1939 market quotations, Total Admitted Assets would be increased to \$4,385,046.30 and Surplus to \$1,459,788.88. • Securities carried at \$364,463.52 in the above statement are deposited as required by law.

NEWS OF FIELD MEN

Deputy Most Loyal Grand Ganders

The grand nest of the Blue Goose has appointed C. Wapshott of Toronto as deputy most loyal grand gander for the central district of Canada; E. J. Beauvais of Montreal, eastern; J. P. McBeath of Vancouver for British Columbia, and D. W. Rowan of Winnipeg for Manitoba. Deputy most loyal grand ganders-at-large are Paul M. Fell of Philadelphia; R. L. Spaulding, Asheville, N. C.; Alex Hornibrook, Calgary, Alta.; E. E. Hensley, Los Angeles, and S. M. Buck, Chicago.

Deputy most loyal grand ganders for the United States consist of J. F. Driscoll, Boston, for New England; S. W. Ross, Rochester, for New York except New York City; Paul Winchester of Newark, N. J., for New York City, New Jersey and eastern Pennsylvania; R. A. Jonscher of Washington, D. C., for Maryland; F. W. Shirer of Wheeling for West Virginia and western Pennsylvania; J. E. Simoneaux of New Orleans for Louisiana and Mississippi; L. V. Martin of Little Rock for Arkansas and Oklahoma; G. H. Walker of Montgomery, Ala., for Alabama, Georgia and Florida; R. H. Gustetter of Nashville for Kentucky and Tennessee; R. R. Deen of San Antonio for South Texas and Alamo; T. McD. Almond of Dallas for Texas; A. C. Word of Richmond, Va., for Carolinas and Virginia; E. E. Collins of Seattle for Oregon and western Washington; H. M. Morey of Spokane for eastern Washington and northern Idaho; F. J. Sullivan of Butte for Utah, southern Idaho and Montana; E. W. Bonstin of San Francisco for northern California; E. W. Dunn of Los Angeles for southern California and Arizona; Richard White of Denver for Colorado, Wyoming and New Mexico; H. A. Pressler of Fargo for Minnesota and the Dakotas; George K. March of Detroit for Michigan; Allen C. Guy of Columbus for Ohio; Dana Jones of Indianapolis for Indiana; L. A. White of Des Moines for Iowa; Edward Plummer of St. Louis for eastern Missouri; James E. Guy of Chicago for Illinois and Wisconsin; W. F. Ehret of Wichita for Kansas; H. W. Lindquist of Omaha for Nebraska; F. D. Hawkins of Kansas City, Kan., for western Missouri, and H. A. Truslow of Honolulu for Hawaiian territory.

Report on Mountain Meetings

DENVER — At the monthly meeting of the Mountain Field Club, Frederic Williams, secretary Rocky Mountain Fire Underwriters Association, summarized the recent meeting of the supervisory committee, while Walter Kulp, manager Mountain States Inspection Bureau, reported on the meeting of its managing committee. As chairman of the forms and rules committee of the club, F. R. Lanagan outlined certain changes recommended to the managing committee, which will be announced in the near future. J. C. Burt, chairman of the agency advisory committee, invited field men from the mountain territory to attend an agency advisory meeting which will be held by Nebraska field men at Alliance Nov. 15.

Discuss Business Development

The Ohio Association of Fire Underwriters, at its monthly meeting in Columbus Tuesday, discussed the Business Development program. Resignations of T. M. Goodloe, North America, who has retired, and M. W. Slawson, Royal-Liverpool, who has been transferred to New York City, were accepted.

DESK SPACE FOR SPECIAL AGENT
All office facilities.
George Brown, 403 Ford Bldg., Detroit, Mich.

Fireman's Fund Plan for New Jersey

Under a rearrangement of the New Jersey field force of the Firemen's Fund, following the advancement of State Agent F. H. Morasch to general agent at the eastern department in Boston, J. L. Lacher has been appointed state agent, with jurisdiction over the northern and central sections. He is assisted by Special Agents Philemon Hoadley and J. B. Kidder, Jr., the former to work principally in the northern field and Mr. Kidder mainly in the central. Mr. Lascher previously served as a special agent under Mr. Morasch as did Mr. Hoadley. The latter comes of an insurance family, his father, the late Philemon Hoadley, having been president of the American of Newark at the time of his death. A brother, Fred, was secretary of the same company until his retirement two years ago, while a third brother, George, headed a general agency on the Pacific Coast. Mr. Kidder is a recent entry into the Fireman's Fund family, having previously been in the field for the Travelers Fire.

Minnesota Pond Has Its Unique Old Charter

Much interest was taken in a recent issue of THE NATIONAL UNDERWRITER in which Robe Bird, western manager of the American of Newark, gave some interesting incidents in regard to the founding of the Blue Goose at the Oakwood Hotel, Green Lake, Wis. He was present there as state agent of the New York Underwriters and recalled very vividly some of the features leading up to the organization meeting. At this meeting a number of field men, who also traveled in Minnesota were present. They were so impressed with the gossip that had just been hatched that they asked that a charter be given Minnesota. Walter E. Atwater, who was one of the prime movers in getting up the ritual, stated that the Wisconsin home nest would exact a charge of \$10. This was paid. The original charter, which was written by Mr. Atwater and some of his associates, is now in the archives of the Minnesota Blue Goose and is treasured as a historic document.

Honor Puller's 20 Years Service

W. G. Puller, Jr., of Richmond, Virginia state agent of the Firemen's group, was honored on completing 20 years of continuous service in that capacity. He was tendered a surprise buffet supper by his office staff in the home of W. P. Hundley, Virginia special agent, and was presented a desk outfit, with a book containing the highlights of his career as state agent prepared by Mrs. G. E. King of his office staff. Archibald Kemp and J. C. Heyer, vice-presidents, and J. W. Mindnich, assistant secretary, from the home office, were hosts at a dinner the following evening in honor of Mr. Puller, who became state agent of the group Oct. 31, 1919.

Arkansas Blue Goose Outing

The Arkansas Blue Goose held its annual outing at the farm and ranch of Fred D. Watkins, adjuster, L. B. Leigh & Co., general agents, about five miles from Little Rock. About 35 members attended, including State Fire Marshal Guy Williams, who has recently been made an honorary member. New members admitted were Charles Joseph, Arkansas Fire Prevention Bureau, and Kramer Roberts, deputy state fire marshal.

Barbecued chickens and ribs, which are a real delicacy when prepared by Charles Sprigg, special agent Firemen's, were served. Those in attendance engaged in horse shoe pitching and other

games and there were several candid camera artists at work.

The most loyal gander is Vance Martin, L. V. Martin & Co., general agents. The entertainment committee consisted of Jack McKenzie, National Board; Clyde Marshall, Phoenix of Hartford, and Walter Plangman, American of Newark.

A. B. Paulsen to Be State Agent

A. B. Paulsen will be the new state agent in Michigan for the America Fore group following the death of Don F. Goss. Mr. Paulsen for the past several months has been carrying on the responsibilities of that position due to the fact that Mr. Goss had been incapacitated. Mr. Goss, for some time, had been doomed, but out of consideration for him the management caused him to retain the title of state agent during his lifetime. Mr. Paulsen is a young man who has been developing rapidly.

Bye Returns to His Office

C. C. Bye, North Dakota state agent of the Northwestern Fire & Marine, who has been ill since the first of the year and underwent two operations in Rochester, Minn., is back in his office in Fargo and expects to resume active work in his territory very soon.

Guy McLean, special agent, who has been taking care of the field in Mr. Bye's absence, has returned to the Minneapolis office.

Oakland Puddle Fetes Bonstin

A. H. Bonstin, veteran field man of Oakland, Cal., who is soon to become a benedict, was the guest of honor at his "last night out" dinner tendered by the Oakland puddle of the San Francisco Blue Goose.

Iowa Pond Party Nov. 18

The Iowa Blue Goose and the ladies auxiliary will hold the first of a series of fall and winter parties Nov. 18 in Des Moines. Dinner will be followed by dancing and bridge.

The Verne Myers duck dinner in Waterloo last week, which 69 Iowa field men attended, was the principal topic at the noon luncheon this week in Des Moines.

NEWS BRIEFS

Miss Rose Berry Friend, daughter of John W. Friend, Petersburg, Virginia state agent Phoenix of Hartford, was married to T. E. Loving of Baltimore.

At the Sunflower Blue Goose puddle luncheon in Wichita, Nick Kleber, state agent London & Liverpool & Globe and Star for western Kansas, was introduced. He is opening an office at 139 North Main street, Wichita.

The Mountain States Underwriters Club met in Denver and heard Commissioner Kavanaugh speak. W. E. McCullough, the president, was in charge.

H. L. Reilley, special agent New York Underwriters in Montana, is pinch-hitting in the state of Washington following the death of Harold Logan.

The Michigan Blue Goose is giving a dinner dance at the Whittier Hotel, Detroit, Dec. 2. L. Dean Alber is chairman of the entertainment committee.

Bowen to Address Club

MINNEAPOLIS — LeRoy Bowen, prominent fire insurance attorney, will be the principal speaker at a luncheon meeting of the Insurance Club of Minneapolis Nov. 13. The program is sponsored by the Fred L. Gray Co., general agency. J. O. Lindskog, club president, will preside.

Mrs. James Mott, whose husband is Kansas special agent of the Great American group, lost her life in an apartment fire in Wichita.

Send \$2 for Policy Sales & Survey Analyzer to National Underwriter.

Finance Companies Discuss Insurance

Rap G. E. I. C., Hint Expansion of Field If Agents Continue Hostile

Insurance is occupying an important place on the program and in the attention of those attending the convention of the American Finance Conference in Chicago this week. There were frequent references to insurance in the opening address of F. V. Chew, Chicago, executive vice-president.

Insurance commissions are a vital matter to the finance companies and the present competitive situation, which has forced rates down, has made them virtually the sole source of profit. The domination of the automobile finance business by General Motors Acceptance Corporation, Commercial Investment Trust and Commercial Credit Co. is a sore point with the smaller operators and Mr. Chew frequently referred to the pending federal action against General Motors and its affiliates with hope that it would give the independents a better chance for survival.

Mr. Chew said it was unfortunate that several local agents' associations have attacked the independent finance companies and accused them of stealing their business. Insurance agents and independent finance companies are in the same boat, he declared, in that both are independent middlemen and are fighting for existence against huge combinations. The real concentration of insurance premiums, he maintained, is in the hands of General Exchange, fed by the "coercive power" of General Motors, and Home of New York, which has absorbed the volume from C. I. T. and C. C. C. Now C. I. T. has acquired Service Fire for its purposes, reinsuring it largely in Home. Throughout his talk, Mr. Chew displayed a complete knowledge of insurance practices and spoke the insurance language fluently.

That automobile financing by banks, frequently encouraged by insurance agents, is regarded as a serious threat to the finance companies was evident from the vigorous attention paid to this competition by Mr. Chew. He also criticized insurance agents who organize or act as representatives of finance companies, telling them to stay in their own business before they ordered others out of their preserves.

Threatens Insurance Competition

Independent finance companies, Mr. Chew maintained, have no quarrel with insurance agents, and have no desire to encroach on their territory, but neither do they have any intention of surrendering insurance on financed automobiles, which they regard as theirs legitimately. If insurance agents persist in their activities and if insurance commissioners persist in adverse rulings, he warned that the larger independent finance companies will be forced to organize their own insurance companies or acquire control of carriers and the smaller ones will be forced to go into the general insurance business and compete with the agents on all fronts.

Elliott Roosevelt, son of the President and radio commentator and radio chain executive from Fort Worth, Tex., came out strongly against government control of industry, saying he is in a business which is completely under the heel of the government and he does not like it. American business confidence, he said, appears to be at the highest level in several years and he thought this was due largely to a general realization that the people of the United States are in the saddle and can change their officials whenever they wish.

G. W. Omacht, South Bend, Ind., general counsel Associates Investment Co., will speak at the Thursday morning meeting on "Insurance on Financed

Automobiles." Mr. Omacht has attended several recent meetings of the National Association of Insurance Commissioners, representing the finance organization, which is composed of smaller automobile finance companies.

America Fore Old Guard

At the America Fore home office "Old Guard" annual dinner arrangements were in charge of Chairman Henry Keck. Vice-president C. L. Newmiller was toastmaster. President B. M. Culver and Executive Vice-president F. A. Christensen, present by invitation, were speakers.

W. W. Andrews, retired, who has had the longest service, joining the organization in 1867, had the seat of honor. Next oldest in point of service is H. A. Nelson who is still active. His employment dates from 1875 and he has now completed 64 years of active service.

Ten new members who reached their 25th anniversaries during the past year were introduced. William McCourt, manager of the mail department, during the year reached his 50th anniversary, bringing the 50 year active members to 15. The enrollment at the home office totals 191. Of these 113 are associated with the Fidelity & Casualty and 78 with the fire companies.

NEWS OF THE COMPANIES

North British Attains Age 130

"It was resolved that the company be constituted and that business should be begun on the 11th day of November, 1809."

"The company took up its first quarters in a flat for which it paid the mod-



CECIL F. SHALLCROSS

est rent of 30 pounds (\$150) per annum."

These quotations are from the records of North British & Mercantile which on Nov. 11 reaches the 130th anniversary of the day it began business.

From a modest beginning the company grew until now it is a world-wide organization with branches and agencies dotting the globe. During the six score and ten years of its existence North British has been able to weather many stormy times—conflagrations, panics, depressions and wars—because it has always underwritten, invested and managed for the long pull with eyes not only on the job at hand but also on the future.

It was not until August, 1866, that the U. S. branch was established with headquarters at 74 Wall street, New York. During the first year business was transacted only in New York City, but in July, 1867, agencies were established in Boston and Philadelphia, and soon afterwards in other important cities. At the close of 1867 it was found that for the period of 17 months following the writing of the first policy, premiums amounted to over \$175,000. In comparison, for the year ending Dec. 31, 1938, the U. S. branch wrote premiums totaling \$6,245,036.

The financial statement of the U. S. branch, as of June 30, 1939, shows assets \$15,093,150, liabilities \$7,719,114, and surplus to policyholders \$7,374,036 (including statutory deposit of \$400,000). On the basis of June 30, 1939, market quotations for all bonds and stocks

owned, the assets would be increased to \$16,105,546 and the surplus to policyholders to \$8,386,432.

There is \$1.96 of total assets for every \$1 of liabilities; \$1.70 of deposited and trusted assets for every \$1 of liabilities; \$1.03 in cash and U. S. government securities for every \$1 of liabilities; \$1.19 in cash and U. S. government securities for every \$1 of reserve for unearned premiums. Also, over 97 percent of all investments are in American securities and no bonds held are in default either as to principal or interest and with two minor exceptions all stocks owned are dividend paying stocks.

Of the total assets \$13,112,820 (of which cash and U. S. government securities amount to \$7,184,229) are deposited with state officials and the United States corporate trustee for the sole protection of North British policyholders and creditors in the United States, including the District of Columbia, Alaska and Hawaii. Such deposited and trusted assets cannot be used for any other purpose without the written consent of the superintendent of insurance of New York.

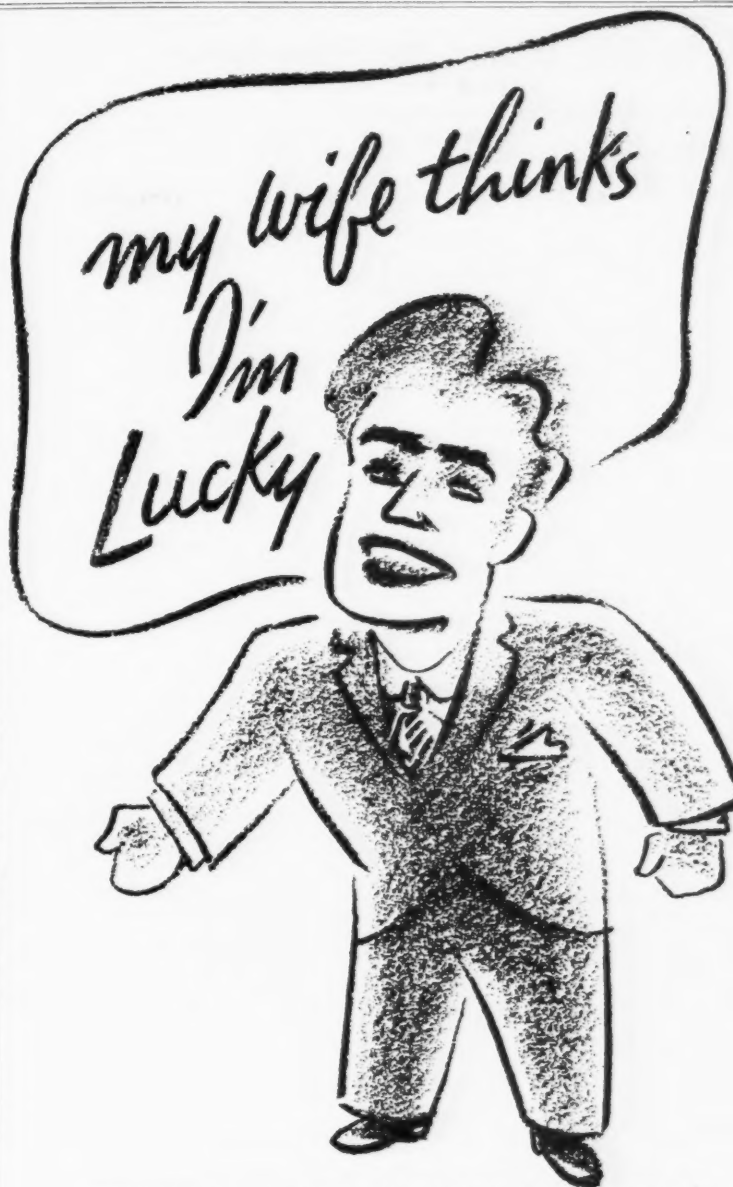
C. F. Shallcross, the United States manager, is one of the most notable underwriters of the country and stands in the foremost ranks of company executives.

National Group Arranges for New Head Office

HARTFORD—Eggers & Higgins, New York, have been retained as architects for the new home office building of the National Fire group, and the George A. Fuller Company of New York as general contractors. The new building, whose estimated cost will be about \$2,000,000, will be erected here on a 16-acre plot bounded by Asylum avenue, Woodland, Collins and Atwood streets. The architectural firm is one of the most prominent in America, and designed the National Archives Building and National Gallery of Art at Washington, United States government office in London, buildings for Yale, Syracuse University, and Dartmouth, the American Pharmaceutical Building in Washington, Constitution Hall for the Daughters of the American Revolution in Washington, and other notable structures. Fuller Company constructed the Aetna Life and Northwestern Mutual Life home offices.

Issues Historical Booklet

In commemoration of the 20th anniversary of President R. B. Duboc, Western Insurance Companies of Fort Scott have put out a profusely illustrated historical booklet. Featured are the Kansas City, St. Louis and Chicago offices and a pictorial story is told of the activities of the personnel and facilities. This went to the more than 3,000 agents. At present the companies are in the midst of a 20th anniversary production campaign. This has been running since the first of the year and each department has been featured in a series of bulletins. A sizable increase in business is reported.



Whenever I come home and tell the little woman that I landed Bill Smith's automobile fleet or Tom Brown's fire insurance on his factory, she says I'm lucky. She doesn't know that it is merely taking advantage of the information shown on the Phoenix-London Visible Business Record. Maybe it is a combination of luck and knowledge of where to find business. If you haven't tried it yet, you really ought to—it's great. I use their Rate Chart all of the time, too—didn't you get one?

FIRE COMPANIES

Phoenix Assurance Co., Ltd.
Imperial Assurance Company
Columbia Insurance Company
United Firemen's Insurance Co.

The Union Marine & General Insurance Co., Ltd.

CASUALTY COMPANIES

London Guarantee & Accident Co., Ltd.
Phoenix Indemnity Company

PHOENIX-LONDON

G R O U P
55 FIFTH AVENUE, NEW YORK CITY · DEPT. N

I want to make a good impression at home, too, so how can I get the Visible Business Record and a Rate Chart?

NAME

ADDRESS



Lyle Gift Slated for Presidency

(CONTINUED FROM PAGE 3)

pionship trophy to James Munro, Union of Indiana, Decatur.

A number of company executives attended, including E. A. Henne, vice-president, and J. G. Macfarlane, secretary America Fore; W. M. Frink, assistant U. S. manager Norwich Union; C. W. Ohlsen, western manager Sun; J. J. Hubbell, western general agent; F. S. Bankhardt, marine manager, and E. T. Tanner, executive assistant Security of New Haven; Ralph S. Danforth, assistant secretary Millers National, and C. L. Morris, general manager Illinois National Casualty.

May Offer Moral Support

The downstate agents are not so vitally concerned in the ruling of Insurance Director Palmer fixing automobile insurance commissions as is the Chicago contingent, because the scale set by Mr. Palmer is what the downstaters are getting except for excess payments here and there. However, the downstate group is prepared to offer moral support to the Chicagoans and a resolution may be submitted Thursday.

The downstate agents are much more distressed by the recent dwelling rate reductions. Just prior to the mid-year meeting at Rock Island, automobile casualty rates were reduced and just prior to this convention came the dwelling rate cut.

At a meeting of regional vice-presidents it was decided to recommend to the directors the elimination of the mid-year meeting and the holding instead of regional gatherings in the six districts.

Membership in the Illinois association now stands at about 510. By Wednesday afternoon registration had passed 300.

One of the gay features of the convention was the cocktail party given by National Surety prior to the banquet Wednesday evening. This was repetition of the party that was given by National Surety last year and proved so popular. About 350 enjoyed the hospitality. The host company was represented by B. J. Nietschmann, Chicago manager, and Mrs. Nietschmann; R. E. Hall of the Chicago office and Mrs. Hall and E. A. Luther, St. Louis manager and Mrs. Luther.

S. A. Rothermel Reports

S. A. Rothermel of Moore, Case, Lyman & Hubbard, Chicago, reported as chairman of the fire and accident prevention committee. He recommended that the committee be reduced merely to a single member handling correspondence from the National Association of Insurance Agents. If in the future funds become available for an active campaign, then the membership of the committee could be increased.

Mr. Rothermel said that the reports that have been received from the National association have been received by the committee, been filed, reviewed and passed along to interested parties when necessary.

Wade Fetzer on Education

Wade Fetzer, Jr., of W. A. Alexander & Co., Chicago, gave a report for the committee on education and public relations. The most conspicuous achievement during the year was that produced by Dudley Giberson of Alton in conducting a one-day district school at East St. Louis, he said.

Mr. Fetzer expressed the belief that the improvement of education and public relations is a process that will be slow. Each local effort will be more effective and more successful if tied in with a well planned national undertaking, he declared. Mr. Fetzer said he is interested in the establishment of such a national program and has assisted in the work. He expressed the hope that during the year a master program with proper subdivisions for the benefits of all parts, can be developed.

He recalled that the National Association of Insurance Agents recommended establishment of an insurance educational advisory council to encourage and assist in the development of all forms of insurance education together with the establishment of an American college of casualty and property underwriters to conduct examinations and award degrees. Such a scheme would give tangible evidence of superior education and a greater public respect for the service of the agent would follow.

ROY A. DUFFUS' TALK

Roy A. Duffus, well known local agent at Rochester, N. Y., who is appearing before a number of agency groups, in his address, said that in a discussion of 1940 model production methods, one must consider three points: The part companies and other groups play in aiding agents in serving the public; the agents' own part in educating themselves and, last, the method by which agents must acquaint the insuring public with the importance of the part the agency system plays in safeguarding the lives and property of citizens. To support their efforts agents, he said, must have companies of unquestioned stability. The wise agent, he declared, builds his house on the solid rock of capital stock insurance. Commissions must be adequate to cover proper servicing of every risk. Each client, he said, should be given a guaranteed cost insurance contract and standard coverage written at standard rates.

The sound agency, he emphasized, is founded on quality, not price. He spoke of the valuable services that stock companies render agents and the public. He advocated agents taking advantage of the field men because each one is a specialist in one or more lines. He pointed out the value of belonging to one's state association and told what the National Association of Insurance Agents is accomplishing for agents. It is particularly and purely, he said, a service institution. A local board membership he said, is a necessary part of one's equipment.

An agent, he said, must have a thorough knowledge of his business, of the insurance contracts and what they accomplish. He declared that local boards should conduct round table meetings where subjects of current interest can be discussed. Classes in the fundamentals of insurance should be conducted by local boards or county groups. He advised agents to read their trade papers. One or more should be assigned to each member of the agency and the pertinent topics should be discussed in office meetings. He said a local agent should make notes on a memo pad for field men to answer when they come around.

He thinks the agents should study unfamiliar lines. They should take a course in public speaking and should know the fundamentals of salesmanship. The wise agent, he asserted, learns to express himself in words and actions which can be understood by the insuring public. The progressive agent, he continued, seeks new ways to service old and new clients. Many unusual services can be discovered if an agent looks for them. He holds that local agents should appear before business organizations in their community and interpret some of the interesting features on insurance. Highway safety campaigns, he added, rank high among projects aimed to better community life. He said that an agent should not advertise a competitor by disparaging him. On the other hand, the agent, if he is wise, will boost his own product. "There is good business ahead for the agent who will prospect each day and who knows his business," said Mr. Duffus.

Under the Illinois insurance code, mutuals in competition with agents and

brokers of stock companies are free from any regulation of the anti-discrimination law in the determination of their dividends. H. P. Janisch, general manager Associated Insurance Agents & Brokers, Boston, declared in an address the first day. This gives them the specific right, he said, secretly to classify their policyholders for dividend paying purposes, and to pay a bonus to any policyholder they may select, irrespective of the class or group to which that risk belongs or the mutual's operating results.

"In fact," Mr. Janisch commented, "a bonus may be paid to any policyholder of a mutual company at the wish and whim of the management. This creates a competitive situation which no agent, broker, or legitimate stock company can meet. It creates a most unfair situation that must eventually wreck the agency and brokerage system unless you correct your insurance laws in this state."

The sections regulating automobile and fire insurance rates make the anti-discrimination law apply only to the initial rate and premium charged for fire and automobile insurance, he explained. The cost at which the insurance must be sold is regulated, but the net cost in mutuals is not regulated and they are given the specific right to give bonuses irrespective of the experience on the risk. Such a law does not serve the public interest, Mr. Janisch said, but fosters discrimination and bad practices.

The effects are far reaching, he noted. Last year a large leather company located near Boston was paid a special dividend or bonus of more than \$50,000 by a mutual domiciled in Illinois. The Boston agents cannot compete with this business because the direct writing mutual can pay any amount of bonus or special dividend necessary to meet any competitive emergency.

"This permission to pay a special bonus any time they see fit leads to many other abuses in the business," he said. "Large industrial organizations with many subsidiaries will be tempted to organize their own mutual insurance company, pay for their insurance in this company and control and dominate the management. The funds in the mutual company are absolutely free from income taxation. When industrial companies have a bad year the mutual company can pay a bonus and therefore a large amount of money can be made to escape taxation. A law of this kind is unfair and unsound."

N. F. P. A. Committees to Meet in December

The National Fire Protection Association has scheduled a series of meetings at the Hotel Stevens in Chicago, the week of Dec. 4. The fire marshals' division and the committee on dust explosion hazards will hold meetings Monday of that week, the committee on farm fire protection, Tuesday and the agricultural committee of the National Fire Waste Council, Wednesday. Dr. D. J. Price, U. S. Department of Agriculture, is chairman of the committee on farm fire protection and that on dust explosion hazards. W. J. Scott of Ontario, Can., is chairman of the fire marshals' division. The electrical committee of the N.F.P.A. will meet the same week at Haddon Hall, Atlantic City. It will consider proposed revisions of the national electric code. A. R. Small, president Underwriters Laboratories, is chairman.

Riggs Made Washington Manager

BOSTON—Leo Riggs, for some time manager of the service department of the National Liberty here, has been advanced to manager of the Washington, D. C., office of the Home group. He succeeds Felix Hargrett, called to the head office of the Home as an assistant secretary. Mr. Riggs, it is reported, will be succeeded here by F. A. Bengliss, now assistant manager of the Philadelphia office.

Union Mutual Fire of Providence, R. I., has been admitted to Oregon. Pacific Northwest General Agencies of Seattle have been named general agents.

Casualty Actuarial Annual Meeting

The annual meeting of the Casualty Actuarial Society will be held Nov. 16-17 at the Biltmore, New York City. F. S. Perryman, in his presidential address, will discuss "The First 25 Years." J. M. Cahill will give a paper, "Contingency Loading—New York Workmen's Compensation Insurance." R. P. Goddard will have as his subject, "Policy Year Modification of Losses." C. M. Graham will speak on "The Practice of Workmen's Compensation Rate Making as Illustrated by the 1939 Revision of New York Rates."

C. W. Hobbs, National Council on Compensation Insurance, will give an ode, "The Lady Casualty and Her Servitors." This part of the program is in connection with the 25th anniversary. Leon S. Senior of the New York Compensation Board will give some reminiscences as a charter member. W. R. Williamson, actuarial consultant Social Security Board, will speak on "Society and Insurance."

At the anniversary dinner the speakers will be W. J. Constable, Henry H. Jackson and W. W. Greene of the General Reinsurance.

The session the next day will be devoted to discussion on the probable effects of the present war on the casualty business in the United States.

George L. Truitt Dies at His Deerfield Home

George L. Truitt, 68, one of the colorful figures in the casualty insurance field in Chicago, died suddenly at his place near Deerfield, Ill., a suburb of Chicago, Tuesday evening. He had lain down to rest.

Mr. Truitt started his insurance career with the Travelers and subsequently he became one of the casualty managers of the company in Chicago. He left the Travelers and was appointed manager of the casualty department of Marsh & McLennan in Chicago. He became vice-president and general manager of the Northwestern Casualty & Surety of Milwaukee but retired from that position when the Union Indemnity of New Orleans purchased it. He returned to Chicago, becoming attached to the Aetna Life agency, devoting much time then to handling life insurance. He later on entered the casualty adjusting field but more recently has been associated with the E. E. Besser agency of the Lincoln National Life Company in Chicago.

Mr. Truitt was born near Cincinnati. His father was a railroad man and Mr. Truitt took up the railroad business, being connected with the C. & O. in Cincinnati. Later he went to New York where he was city passenger agent for the Chicago, Milwaukee & St. Paul.

Mr. Truitt took the home office training course of the Travelers and was made special agent in Connecticut. He was transferred to Illinois, later being assistant manager and the co-manager with L. J. Kempf.

T. F. Kelleher, chief boiler inspector Twin Cities office Maryland Casualty, Minneapolis, retired after 40 years' continuous service in the boiler and engineering department of the company. Mr. Kelleher is considered one of the deans of boiler engineers in the United States because of his long service and wide acquaintance. J. G. McArthur, who for 21 years assisted Mr. Kelleher, also retired. C. L. Hubbard, who for several years has worked under Mr. Kelleher, succeeds him as supervisor.

J. E. Bouichou, 63, manager of the accident and health department at the Philadelphia office of the Globe Indemnity, died there. He had been with the Globe Indemnity since 1918.

The Surety Underwriters Association of Southern California will elect officers Nov. 15.

LATE CASUALTY NEWS

American States to Broaden Field

The American States of Indianapolis, which has specialized in automobile insurance since organization, plans to enter the general casualty field in a restricted way Jan. 1. A few selected casualty coverages will be written to begin with and only in Indiana. Gradual expansion is planned to take on other casualty coverages, including workmen's compensation eventually and also bonds, and for the entire territory in which the company operates.

Vice-president E. P. Gallahue says a class of instruction is already being held at the home office for heads of departments to familiarize them with the new coverages and it is the intention to include the home office clerical force in this course of instruction later. Eventually the company expects to conduct a school of instruction for agents as well, similar to those now operated by a number of eastern casualty companies.

Important Decisions on Mo. Liquor Bond

The Missouri supreme court handed down a decision in the State of Missouri, appellant, vs. Harry Witke and Reserve Mutual Casualty. This involves the liquor control act. A judgment in the circuit court of St. Louis was in favor of the respondents. The judgment of the circuit court was reversed and remanded with direction to enter judgment in conformity with the higher court's opinion for the appellant for \$2,000. The higher court holds that these liquor bonds are full forfeiture bonds rather than indemnity. The higher court decided that the act in no way violates the equal protection clause of the federal or state constitution, because it does apply equally to all inhabitants of Missouri who engage in the sale of liquor by the drink.

The sole question involved in the case was whether or not the state may recover the full penalty of the bond without proving that it was damaged as a result of the principal's breach of the bond.

Voted from an Ambulance

Ben D. Lecklider, president of the Ohio Casualty, at Hamilton, O., cast his vote in Tuesday's election in an ambulance. Some time ago Mr. Lecklider was injured in an automobile accident. He sought permission to vote at his home, but such permission could not be granted under the election laws. Accordingly he was removed in an ambulance to the voting booth, where election officials supervised his casting of his ballot. Mr. Lecklider suffered two broken vertebrae in his accident and is in a plaster cast.

Texas Guest Law Upheld

AUSTIN, TEX.—The Texas court of civil appeals, the intermediate appellate court of this state, held in the case of Linn vs. Nored that intoxication on the part of a guest in an automobile does not relieve him from the operation of the "guest law" so as to entitle him to recovery from the operator of the automobile in case of accident. Linn, who was injured in an accident while driving as the guest of Nored, alleged in his suit that he was drunk before he got into Nored's automobile and could not be a guest because he did not know what he was doing and was taken into the automobile without his knowledge or consent. The lower court rejected this contention and the appellate court affirmed the case, saying that the relationship of host and guest is not created by contract. The Texas guest law applies to any one who is not "paying any consideration for his transportation," the court pointed out, and there was no showing that Nored's driving was so grossly negligent that it came within one of the exceptions to the guest law.

The case does not indicate whether any charge was made that Nored was intoxicated. The only exceptions to the Texas guest law, however, are intentional acts on the part of the driver, heedlessness and "reckless disregard of the rights of others." The Texas law has no exception of intoxication, although the laws of a number of other states have. These laws, however, refer to intoxication on the part of the driver, not of the guest.

Hartford Steam Boiler Conference

The Cincinnati department of the Hartford Steam Boiler held an educational meeting which marked a departure from usual practice, in that it has been customary for the St. Louis, Denver and Cincinnati departments to hold a joint meeting at St. Louis. Thirty inspectors and five special agents were present from points in Ohio, Indiana and Kentucky. In addition to special guests, Dale F. Reese, vice-president and J. M. Gorhan, assistant to Mr. Reese, attended from the home office. J. P. Kerrigan, Cincinnati manager, welcomed the men. W. E. Glennon, chief inspector, was toastmaster at the banquet.

Self-insurers Regulation Imposed in California

SAN FRANCISCO—On and after Dec. 3 compensation self-insurers in California must furnish a surety bond or securities equal to the outstanding obligations for compensation benefits, with the minimum surety bond or securities for any self-insurer set at \$30,000, according to a ruling of G. G. Kidwell, chairman of the industrial accident commission.

While the minimum for new self-insurers is \$30,000, some companies which qualified under earlier regulations have bonds or securities on file for only \$20,000, it was pointed out. These must now renew their applications and deposit the larger amount. Employers who self-insure also will be required to file semi-annual sworn statements showing the amount of outstanding obligations and when this exceeds the amount already deposited, they must file additional surety.

Director Kidwell cited the experience of employees of three California corporations, who in one case, had to wait six years before they got compensation and in another were forced to accept approximately 50 percent of the compensation to which they were entitled.

Plan Compulsory Kentucky Act

LOUISVILLE—First steps are being taken to pave the way for a state compulsory workmen's compensation act, possibly by a constitutional amendment. W. C. Burrow, state industrial relations commissioner, and E. H. Weyler, secretary Kentucky Federation of Labor, have begun a preliminary draft of an employers' liability bill to submit to the legislature. The present act has the flaw that adherence to it is voluntary, Mr. Burrow said.

Pacific Employers in Texas

Pacific Employers of Los Angeles has been licensed in Texas. It will have its headquarters in the Sterling building, Houston, Tex., with Frank King, formerly in charge of the engineering department in the San Francisco office, in charge. The company also has been licensed in Oklahoma, and the business there will be written in conjunction with the Texas business. Vice-president R. A. McGuire is in Houston assisting Mr. King in getting the business going.

Give Car Breakdown Coverage

BIRMINGHAM, ALA.—A new type of automobile coverage is being offered

here by Universal Underwriters of Kansas City through Cruse-Crawford Company, De Soto and Plymouth dealers. Approved used cars are guaranteed against breakdown for a period of six months and new cars for 15 months or 25,000 miles. On used cars there is a \$10 deductible clause and on new cars \$5 deductible. The policy covers breakdowns only, which normally would be due to defective parts, and not service and adjustments. The Cruse-Crawford Company secures the policies as an aid in selling the cars.

Hartford Accident Function

CINCINNATI—A formal opening of the Hartford Accident's new local office will be held Nov. 9. The office has been moved to Cincinnati from Louisville. Included among the guests will be F. C. McVicar and A. W. Spaulding, secretaries, Hartford; Clem E. Wheeler, co-manager of the western department, Wiley Burden, superintendent, and Fred Sipp, assistant superintendent automobile department, Hartford Fire, all of Chicago, and F. E. Bradenbaugh, Pittsburgh manager, Hartford Accident. Paul Rutherford, president, will be on hand if he is able to get away. Paul A. Dow, manager of the Cincinnati office, has been with the company since 1924, when he joined the home office agency

department. He was appointed Louisville manager in 1926, where he has remained up to the present.

Cahill Rating Board Actuary

NEW YORK—J. M. Cahill, previously associate actuary of the compensation insurance rating board, has been advanced to actuary.

Visit Chicago Offices

George Z. Day, president of the Standard Surety & Casualty, and W. E. Snyder, manager of the bond department at the head office, have been in Chicago this week making new surety contacts. The Standard recently retired from the Tower Rating Bureau and will have preferential rates for desirable business.

Various phases of casualty insurance, and particularly automobile public liability, were explained in a lecture to the insurance class of San Francisco Junior College by Al Coney, chief automobile underwriter of the Aetna Casualty's

Sidney B. Coates of the Hartford Steam Boiler will be a guest lecturer before the casualty class at the Hartford Colleges of Law & Insurance, Thursday night.

As you rake your leaves this fall

... you'll be reminded that WINTER—with its many attendant greater risks—is just around the corner!

Are you FULLY prepared for these extra cold-weather risks? Are your household goods ADEQUATELY covered with reliable fire insurance? Is the investment in your home COMPLETELY protected with dependable fire, windstorm and hail insurance? Do you have the PROPER AMOUNT of fire, liability and property-damage insurance on your car?

As you rake the leaves this fall, check over these vital matters in your mind. Then check them up with US!

David Dickson Agency

FALLING leaves are gentle reminders that winter—with its many, seasonal hazards—is just ahead! And that's why falling leaves are used as the basis for our current agent's advertising mail piece.

This series of monthly "third dimension" advertising material is provided our agents absolutely free during this present calendar year (our Tenth Anniversary). This program, now nearing its end, is just an example of the way this company works with and for our agents—year in and year out—in every possible way that is consistent with sound business management.

We'd like to see YOU—if you're not already one of our agents—"take on" the KANSAS CITY with its convenient nearby location, its agency-mindedness, and its desire to serve you. Address O. P. Rush, vice-president.



KANSAS CITY Fire and Marine
INSURANCE COMPANY

CHICAGO OFFICE:
INSURANCE EXCH.

KANSAS CITY,
MISSOURI

AS SEEN FROM CHICAGO

OCTOBER FIRES IN CHICAGO

Fires in Chicago increased 26.1 percent in October, as compared with the similar month last year. The September total fires were the highest of any month in the year so far. In October there were 849 fires, compared with 673 in October, 1938, and 808 in the similar month of 1937. For the first 10 months the number of fires increased 11.9. The largest October loss was in the Bunté Candy Company, 3301 West Franklin street, with a loss of 2 percent on building and contents, the insurance carried being \$2,520,000. The Baltimore Lumber Company at 853 Baltimore avenue, had a \$13,000 loss to its lumber yard.

WEBER TAKES OVER AGENCY

Frank H. Weber, an experienced Chicago insurance man, has taken over the Pfaelzer Insurance Agency, A-1755 Insurance Exchange, following the death recently of Milton S. Pfaelzer. The agency hereafter will be known as Frank H. Weber & Co. Mr. Weber has been in the business there for 15 years, of which for 10 years he was connected with Fred S. James & Co. as an underwriter in the automobile department. For the last three years he has been office manager for Mr. Pfaelzer. The latter had operated his agency for 12 years and was in the business at Chicago for 15 years.

BALL, STAFFORD FORUM HEADS

Dan Ball, Marsh & McLennan, and Marshall Stafford, Moore, Case, Lyman & Hubbard, have been elected presidents, respectively, of the Monday and Tuesday night sessions of the Exchange Speakers Forum, which meets at 6 o'clock at the Chicago Central Y. M. C. A. Secretary of the Monday night group is Elmer Mell, Hartford Accident, and of the Tuesday night group, Al Porek, Hanover Fire.

Each week a group of 40 enthusiastic insurance men, 20 each night, are speaking regularly. They are being coached by R. E. Baker, founder of the forum. It is understood that Mr. Baker's group has proved so successful during the years that his efforts have attracted the attention of the Dale Carnegie Institute.

FARM LOSSES MORE FREQUENT

Farm losses for over a year have been increasing in frequency and the loss ratio has mounted upward. Farm underwriters attribute this condition partly to the drought which has extended over large areas, especially through the central west, to the middle west and to the

south. Then again the farmers have borrowed about all they can from the government. This creates a certain moral hazard. There is no more money to be had. There have been a number of spontaneous combustion fires in barns because hay was put in before it was entirely cured.

BOND NAMED GENERAL MANAGER

Leland F. Bond has been appointed general manager of Rockwood Company, Chicago general agency. He has been connected with the office since 1929 and has been a member of the firm for two years. Mr. Bond has been office manager for several years, and a member of the Chicago Board since 1927. Prior to going with Rockwood Company he was with the head office of the Redpath Chautauqua circuit as auditor, having office management duties in connection with booking lectures and handling financial details. He also for a number of years has handled the financial affairs of Rockwood Company.



L. F. Bond

FIRE FRATERNITY REUNION

Alpha Chi Epsilon, the fraternity of students in the old fire insurance course at Northwestern University, will hold its annual reunion Saturday. The members will attend the Northwestern-Purdue football game at Evanston and a banquet that evening. Guy Nearing, now an agent at Bowling Green, O., is president. The members were originally employed part time by fire insurance offices in Chicago while pursuing studies at McKinlock campus of Northwestern and now are engaged in a variety of capacities throughout the country. All but a few have remained in the insurance business and many have advanced materially.

TO HOLD "MANAGERS NIGHT"

"Managers Night" will be featured at the Nov. 16 meeting of the Chicago Association of Fire Insurance Examiners. It has been announced by A. E. Svec, Pacific National, president.

Prof. J. B. Finnegan, professor of fire prevention engineering, Armour Institute of Technology, will speak on "Fire Protection and Fire Insurance." In his

talk Mr. Finnegan will emphasize the importance of engineering training as a basis for fire insurance work.

Mr. Svec has personally invited all managers whose companies are affiliated with the Western Underwriters Association, or the Western Insurance Bureau, and has also extended an open invitation to all fire company executives. The association will meet at 5:30 in the Board of Trade building grill.

WOMEN EXECUTIVES ORGANIZE

The Insurance Distaff Executives Association of Chicago held its organization meeting at a luncheon in the Woman's University Club.

The following officers were elected: President, Miss La Verne Hand, Chicago Board; vice-president, Mrs. Hugo Dalmar, H. Dalmar & Co.; treasurer, Miss Rose Goettel, National Board; secretary, Miss Mabel Laycock, Western Underwriters; historian, Mrs. E. F. Andrews, Insurance Library.

Object of the group is to promote good will and fellowship in the business of insurance and to establish better public relations and understanding of the insurance business. Playing a prominent part in the organization was Miss Hand, who also suggested the name that was adopted.

The next meeting is called for Nov. 30 at 6:30 p. m. at the Woman's University Club.

Charter members in addition to the officers at present include: Mrs. Caroline Austin, Underwriters Adjusting; Miss Catherine Cavanaugh, Western Insurance Bureau; Miss Eva Davies; Miss M. L. Hammond, Glens Falls; Mrs. L. L. Herring, Insurance Federation of Illinois; Mrs. S. M. Hoffman, Underwriters Laboratories; Miss Norma Laufenberg, Cook County Loss Adjustment; Miss Bernice Mendelson, Recording & Statistical Bureau; and Miss K. Wilson, Western Sprinkled Risk Association.

Miss Hammond is chairman of the membership committee, and Mrs. Herring of the constitution and by-laws committee.

ROUND TABLE KNIGHTS RALLY

The Knights of the Round Table of the Union League Club, Chicago, will hold its annual jousting tournament the afternoon of Dec. 16. W. R. Townley is president and Carl E. Ingram, assistant secretary in the western department of the Great American, is scribe.

WHITFORD ON COAST TRIP

W. S. Whitford of Chicago, executive vice-president of the Millers National and Illinois Fire, left this week for a trip on the Pacific coast.

W. F. Watson, vice-president of the Globe & Rutgers Fire, was in Chicago this week.

R. R. Martin of New York City, United States manager of the Atlas Assurance, visited the western department in Chicago this week.

Allan Robinson of Montreal, assistant secretary of the Royal and Liverpool & London & Globe, has been visiting in Chicago.

Clarifies Several Marine Issues

(CONTINUED FROM PAGE 4)

who heretofore made this more or less a strict requirement have lately let down the bars, particularly on renewal business of other companies. Where a valued form of policy is issued an appraisal should be obtained and the appraisal should be by a competent and reputable jeweler. Some appraisals are apparently made with a view to flattery rather than accuracy. The company should have some basis of value and whether it is an appraisal or a bill of sale it is presumed either will serve to represent the opinion of a disinterested but informed person as to the probable replacement cost and a fair value for insurance purposes.

An assured should not have insurance

in excess of the retail replacement value and he should not ask the company to insure an article that may be scheduled for as low as 30, 40 or even 50 percent of the replacement value. The article may consist of a number of valuable stones, the loss of one of which may mean that in the absence of an appraisal of the entire article, the loss of a component part may represent 100 percent payment of the value of that part and yet over all the company is getting premium on but a portion of the value of the entire article.

Discusses Credit Arrangement

He discussed the background of the practice of showing the jewelry and fur rates as the previous rate, less 15 percent. This was done because of agitation for three year policies at 2½ times the previous existing gross rate. There is objection to so-called term business and inasmuch as the experience permitted an annual credit of 15 percent it was felt that the public would benefit more by a 15 percent credit than it would by applying the rule of 2½ times the then existing gross rate for term policies. To a large extent it was a competitive measure and rather than disturb the rates it was concluded to maintain the level, permitting fluctuation of the credit as conditions might justify. This has the effect of leveling the rates where a greater or lesser credit may from time to time be established, depending on experience.

Installment Sales Floater Policy

Mr. Campbell asked what sales arguments can be brought forward in behalf of the installment sales floater policy to concerns that have suffered few, if any, losses to property sold on an installment basis. Most companies, he said, suggest the contingent form where the conditional sales contract stipulates that the purchaser should carry insurance for the benefit of the seller or that in the event of loss the customer shall not be relieved of the obligation to continue payment. This form is issued at substantially reduced rates. There is always the possibility of catastrophe, such as sizable fires in the smaller cities, hurricanes and tornadoes. In such catastrophes there is a great deal of damage to property sold on the installment plan with consequent loss to sellers by reason of the practical wiping out of the resources of the purchasers.

He discussed the procedure for settlement where a loss in a dry cleaning establishment protected by a bailee policy involved property of an individual insured under a personal property floater policy. The assured may recover his loss under the personal property floater policy and his insurer assumes the claim against the bailee and attempts to effect recovery in the name of the assured by way of subrogation. Or should the assured desire to keep his loss record clear he may choose to make claim against the bailee, but failing recovery he has his policy upon which to depend.

Santa Rosa Gets Rate Reduction

Fire insurance rates in Santa Rosa, Cal., are to be reduced from 10 to 13 percent on mercantile and 12½ percent on dwellings as the result of the voting of a bond issue of \$190,000, to which is to be added \$33,000 from a separate fund. From these amounts the city will purchase new fire apparatus, erect two new fire houses, revamp its fire alarm system, part of which has been in use since 1889 and install it in a fire resistive building. Funds will also be used to extend the water mains.

The Pacific Board ran advertisements in local papers giving an explanation of its functions, its service to the community over a period of years and pointing to the need for improvement in the fire and water systems.

Because of the convention of the California Association of Insurance Agents, opening Nov. 13 in Oakland, the San Francisco Blue Goose has cancelled its Monday luncheon meeting.

G. ALLEN MEBANE
President

JOHN W. McALISTER
Vice President

MEBANE & McALISTER, INC.

Successors to SCHENK & MEBANE, Inc.

GENERAL AGENT

GREENSBORO, NORTH CAROLINA

Supervising North Carolina Only

Commissioners Card for Winter Meeting

(CONTINUED FROM PAGE 3)

dent National Association of Insurance Agents.

Address, "Insurance Advisors," J. B. Gontrum, Maryland.

Meeting committee on examinations. 7:30 p. m.—Banquet, entertainment and dancing.

Friday, Dec. 8

Address, "The Problems of the Life Underwriter in the Field," C. J. Zimmerman, Chicago, president National Association of Life Underwriters.

Report of executive committee. General discussion of matters appropriate.

2 p. m.—Meeting committee on valuation.

6 p. m.—Old-fashioned barbecue—fish fry and shrimp boil. Weather permitting, this will be held out of doors, otherwise in hotel.

8:30 p. m.—Dancing.

Saturday, Dec. 9

Committee reports and discussions.

Entertainment

Golfing on the sporty Edgewater Gulf links at any time, no greens fee. Fishing—either salt or fresh water fishing can be enjoyed at any time. Those desiring to fish should contact the fishing committee so that boats can be arranged for. No tackle will be furnished, so bring your own along.

Thursday, 10:30 a. m., buses will be waiting to carry the ladies and any of the other guests desiring to go to the famous Bellinrath Gardens at Mobile. The desk should be notified immediately by all parties desiring to make the trip to the end that ample transportation facilities can be arranged in advance.

Friday, Dec. 8, 10 a. m.—Sightseeing tour of the coast and its historic and beauty spots arranged for the ladies. This tour will include luncheon at the attractive and widely known "Inn-by-the-Sea."

WEATHER AT THE CONVENTION

EDGEWATER PARK, MISS.—The Edgewater Gulf Hotel here, at which the National Association of Insurance Commissioners will meet, states that the weather in December will be very much like early spring in the northern states. There will probably be no requirement for top coats for the men or heavy wraps for the women. The average temperature here runs about 60 degrees in December. The weather will be mild enough for golf, tennis, horseback riding and other outdoor sports. There is a pool at the hotel and its temperature is 72 degrees.

N. Y. TRANSPORTATION PLANS

NEW YORK—Representatives of the New York insurance department attending the convention of the National Association of Insurance Commissioners at Edgewater Park, Miss., will leave from the Pennsylvania Station at 2:25 p. m., Dec. 5, arriving at Edgewater Park at 7:30 p. m., Dec. 26, it was announced by Deputy Superintendent Edward McLoughlin. Reservations may be made through G. M. Lawrence, general eastern passenger agent of the Southern Railway, or John R. Ford of his office, 500 Fifth avenue, New York City.

Eugene Battles of Los Angeles, who for the past decade has been manager of the insurance department of R. A. Rowan & Co., has been elected a director of the company. He is chairman of the Surplus Line Brokers Association, chairman of the insurance committee and a director of the chamber of commerce, and active in both the California Association of Insurance Agents and Los Angeles Insurance Exchange.

Fifty-five fathers and sons participated in the California Blue Goose meeting set aside as "father and son night."

Oklahoma Insurers in Mid-Year Meet

(CONTINUED FROM PAGE 3)

and the Ponca City Exchange reported 100 percent membership except for one agency.

John S. Adams, general chairman of the committee in charge of organizing the Oklahoma Stock Insurance Council, indicated that organization of the new body is moving along slowly but surely. Conferences are being held continually by representatives of all divisions of the business in an effort to bring the forces together and get the general reaction as to the basis on which to establish the Council. He announced plans to blanket the state with speakers who will carry the message of "American way of doing business" to civic clubs and chambers of commerce in all communities of Oklahoma.

The report of President H. P. Frantz of Enid showed the association in splendid condition from financial and membership standpoints. Registration at the meeting was 325.

Mugg Warns of Cooperatives

A warning on the rapidly spreading doctrine of cooperatives was sounded by R. E. Mugg, Oklahoma City, state agent National Liberty. He charged that the movement against the profit system is being encouraged through the schools, churches and even by the federal government itself. He deplored the apathy and indifference shown by insurance men in fighting this tendency and urged local agents to consult with their field men, many of whom have made specific study of this condition:

"We would like to have the movement aired before every civic organization in Oklahoma and the field men solicit opportunities to speak before these bodies," he said. "We find that such public addresses lead to private solicitations from non-stock competition. Furthermore, this is the best time to educate the insuring public before it becomes enmeshed in the non-stock insurance trend."

Schweppe Sees Marine Growth

H. I. Schweppe, Houston, Tex., southern marine manager of the Automobile and Standard Fire of Hartford, painted a bright picture for marine insurance in the immediate future. He dissents from the theory that it is on the threshold of getting away from multiple coverage, and sees greater possibilities than ever in this class of business. He pointed to the youth of this country as a potential medium through which this type of insurance may be developed. Conceding that the analysis plan has proved quite successful, he contends that the time has come to change the slant, and to find out what Americans want today—and to let them buy what they want instead of insisting on selling what the agent wants to sell.

"Our casualty business has grown in a few years from a sideline in the fire insurance agent's office to a place in which it now produces 50 percent of the premium income," said John Wakefield, president of the Tulsa Exchange, in discussing "Trends of the Business." However, he sees factors that may remove some of these premiums from the books. He contends that it will soon be impossible to write a large compensation risk at a general agent's commission of 17½ percent with a proportionate expense included for the company's overhead. He referred especially to risks producing annual premium in excess of \$20,000.

Campbell Shows Credit Possibilities

Don C. Campbell, Chicago, credit manager America Fore and chairman of the insurance committee of the National Association of Credit Men, said \$360,000,000 in premiums "are lying around for you fire and automobile insurance men if you would go after

them." He pointed to contact with credit men of large institutions as potential "streets of gold" if the uninsured merchandise and property of their debtors were called to their attention. He cited the fire records which show that a big percentage of property destroyed is uninsured or underinsured.

Harry Dunning, local agent of Gage, Okla., presented new slants on the problems of the rural agent and F. R. Holmes, superintendent casualty department, U. S. F. & G., Oklahoma branch office, gave some interesting information on the new automobile policy. The prime activities announced by Paul Slater, Oklahoma Business Development chairman, were a systematic cultivation of trade associations of the state; more extensive presentation of the story to civic groups and special attention of zone committees to better insurance programs for public and institutional properties.

Value of Organization Stressed

The value of organizations was stressed by C. C. Day, Oklahoma City general agent Pacific Mutual Life. He said that life insurance companies were slow to organize for an institutional advertising campaign which was first suggested 25 years ago. When the Temporary National Economic Com-

mittee's investigation was started, the Institute of Life Insurance was formed hurriedly "to try to do with a lot of money what we could have done before with very little money."

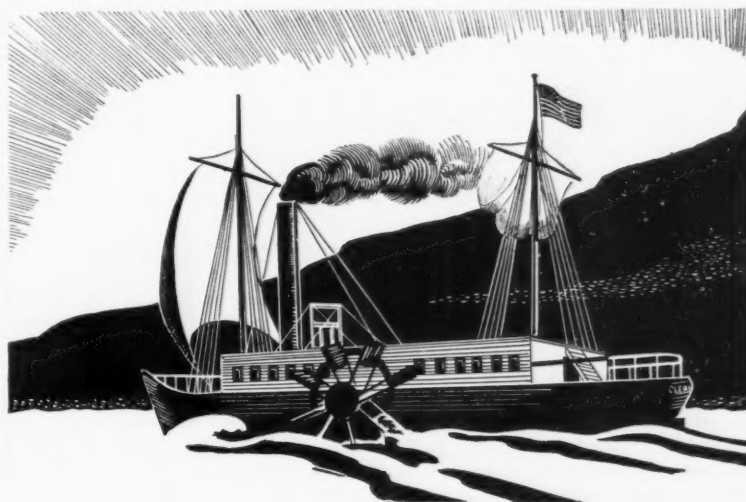
The government never has in history entered any business until that business has become so reckless and unconcerned about the consumer that it ignored his rights, Mr. Day pointed out. The best way to gain the public's support is to merit its faith in the business.

The president announced that the annual convention will be held in Enid, probably the latter part of May. President Frantz presided at the banquet, featured by a special floor show. More than 150 attended.

Lieut. Col. J. G. Emery, Michigan insurance commissioner, and former national commander of the American Legion, addressed more than 300 Elks and their friends at South Bend, Ind. Col. Emery, a world war veteran and the recipient of numerous military honors, spoke on the international need for men who will cooperate in the solution of the problems facing the people of all nations. A large delegation of South Bend insurance men was present.

E. L. Bernard, real estate broker, has purchased the A. J. Boisclair agency, Manchester, N. H.

SHIPS THAT HAVE MADE HISTORY



THE "Clermont" was built in 1807 by Robert Fulton and Robert R. Livingston. Fulton, although a native of Pennsylvania, learned engineering in England and Paris. The "Clermont" was propelled by steam, a distinct novelty in those days and plied on the Hudson between New York and Albany. This was the inauguration of steamboat navigation on inland waterways. She proved very popular as a passenger boat.

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EDITORIAL COMMENT

Greater Responsibilities at Age 80

A REMARKABLE occurrence is the fact that B. E. BEACH, president of the BEACH & DICKINSON COMPANY, Huron, S. D., local agent, 79 years of age, has been elected president of the SOUTH DAKOTA ASSOCIATION OF INSURANCE AGENTS. One would expect that a man of four score years had dropped out of the procession or slowed down materially. But here is one that is just as keen as ever in his interest in the business. He realizes that competition is harder and hence he has to put in stiffer licks. He assumes

greater responsibilities than ever. Fortunately in insurance, when one is connected with an agency, he does not have to think of compulsory retirement. He keeps on and on until he can work no more. That is one of the factors that a young man might well consider in entering a line of activity. In a local agency he has a business of his own. No one can tell him to retire. If he is active, energetic and resourceful and industrious, he builds up his own business and therefore he insures his security.

Organization Expense Increasing

LOCAL agencies and companies have a problem before them that is very perplexing and embarrassing and that is the increasing number of demands made for contributions, membership fees, to organizations, advertising, etc. Insurance is over organized. There is much overlapping and duplication of work. For instance, take the subject of legislation alone. There are perhaps a half dozen insurance organizations that are giving special attention to this highly necessary activity. Then there are business associations, outside of insurance, that attempt to look after legislation and some of them having insurance divisions, they come into play at the same time that the insurance people themselves are working.

In more recent years state associations of insurance agents, finding their expenses have increased especially where they have a salaried manager or executive secretary, and the dues are not

equal to the demands, start a house organ and immediately solicit advertising from field men, companies and from their own members. There are many local causes not insurance that are seeking revenue. There are programs of all sorts and outside of insurance itself most agents belong to business organizations. Altogether the obligations assumed are running up into real money.

The companies have a decidedly difficult problem with which to deal. There are numerous organizations, committees, commissions, etc., increasing in number, and they all have to be supported. Membership fees and assessments are increasing with the years as many of these organizations are expanding. Whether this complex organized activity can be simplified remains to be seen. It is a baffling question at present. Probably about all that those in the business can do for the time being is to discourage any future demands.

Attacking Direct Writing Companies

INSURANCE men, whatever their position, should read with candor and appreciation the address given by W. A. SULLIVAN insurance manager of the LOOSE-WILES BISCUIT COMPANY of Kansas City, before the Missouri agents convention. He was extremely frank and somewhat sharp in his criticism of some practices with which he comes in contact. However, he tempered his criticism with an expression of appreciation for service-giving agents.

In his reflections on the insurance business he censured the agents and other insurance men in particular representing agency companies for what he termed the "boycott" of certain manufacturers that purchase insurance through non-agency channels.

We will have to take exception to this criticism of Mr. SULLIVAN because agents

regard the direct writing companies as their most potent and insidious enemies. There are two schools of insurance, one believing very earnestly in the agency system, the other would eliminate agents entirely. The agency system companies believe that the agents are becoming more and more efficient, earn their commissions by the service they give their companies and policyholders. They contend that the man who has a claim often needs a friend in court at times. A company may become too arbitrary and needs to be placated. The assured find it essential to call some one close at hand for counsel on his insurance program. A nearby agent who is capable is an asset.

The concerns that deal in direct writing insurance ignore the agents entirely. Therefore, the agents have a perfect right in our

opinion, to throw their influence and trade toward those concerns that favor them. This is logical business reciprocity. The agents and companies that believe in the

American agency system look with great disfavor on those companies that try to undermine it and eliminate the middle man. They are regarded as submarines.

PERSONAL SIDE OF THE BUSINESS

Col. Sam F. Woolard, retired Kansas state agent of the Commercial Union group, who spent the past few months in California, has returned to Wichita but is confined to his home, due to illness. He is reported to be improving.

Commissioner W. A. Sullivan of Washington, who was injured in an automobile accident Oct. 24, expects to be back in his office within a couple of weeks. He was driving from Olympia to Tacoma when he suffered a fainting spell. His car crashed into a parked automobile, severely damaging both machines. Mr. Sullivan sustained a broken rib, face cuts and bruises.

Charles H. Trame, manager Covington branch of the Kentucky Actuarial Bureau, and Mrs. Trame renewed their marriage vows on their golden wedding anniversary at the Mother of God church, Covington. The Rev. E. J. Trame, S. J., Regis College, Denver, was the celebrant of solemn mass for his parents.

C. C. Hannah, vice-president Fireman's Fund, was in Chicago last week visiting the western department en route home from visiting the eastern branch at Boston, the New York City office and the southern department at Atlanta. He and Mrs. Hannah went to Boston and attended the meeting of the National Association of Insurance Agents the first week of October.

It was announced at the mid-year convention of the Oklahoma Association of Insurers that **A. J. Fluke** of Shawnee, one of the most active and widely known members, is seriously ill at his home.

David J. Main of Standart & Main, Denver local agents, was in Chicago this week en route home from the east. He is prominent among the Dartmouth alumni, spent some time at Hanover, N. H., and last Saturday witnessed Dartmouth's great triumph over Yale in football. He was accompanied by Mrs. Main. Their married daughter now resides in Boston and they visited her.

The engagement of Miss Constance Virginia Carter, daughter of **George W. Carter**, president of the Detroit Insurance Agency and national councillor of the Michigan Association of Insurance Agents, was announced to 300 guests at a tea.

R. O. Hooker, actuary of the Connecticut department, has been retained as consulting actuary for the town of Milford in connection with a retirement system for town employees.

W. W. Potter, vice-president of the Firemen's group on the coast, underwent an operation at the Peralta Hospital at Oakland and is making a satisfactory recovery.

Sidney O. Smith of Gainesville, Ga., president National Association of Insurance Agents, who speaks this week before the Illinois and Indiana associations, will go to New York to confer with the executive office when it is likely

that the standing committees will be appointed.

DEATHS

B. R. Wilson, 79, prominent Boston attorney who had served as a member of the state board of appeals on fire insurance rates continuously for 23 years, died at his home in Roxbury, Mass.

Funeral services for **Don F. Goss**, 61, state agent of the Continental and Maryland, with headquarters at Jackson, Mich., were held last week. He died Wednesday after an illness of nearly a year. He had been with the Continental 34 years. Secretary H. W. La Rue and Assistant Secretary C. J. Lingenfelder from the western department attended the funeral Saturday.

Mr. Goss was born in Portland, Mich., in 1878 and in 1905 became associated with Continental as a local agent, continuing until 1908 when he became an examiner in the western department in Chicago. In 1919 he was transferred to the field as state agent in Missouri, and in 1922 to Michigan as state agent, where he continued until his last illness and death. He was a member of the America Fore Old Guard.

Frank W. Coates, head of the F. W. Coates Insurance Agency of Dubuque, who had been active in the insurance business in that city for 47 years, died last week. He was a former president of the Iowa Association of Insurance Agents, having been elected to that office in 1916. He had been ill for two weeks and was confined to the Finley Hospital in his city.

He entered the insurance firm of Duncan & Waller in Dubuque in 1892. On the deaths of the two partners, he formed a partnership with Fred G. Robinson. Later he continued the agency under his own name. A large delegation of insurance associates attended his funeral, including many executives of the Dubuque Fire & Marine and National Reserve. Representatives from outside the city who attended included C. D. Mackenzie, Chicago, state agent Twin City Fire; G. E. Redfield, Chicago, general agent Farmers of Pa.; W. Williams and H. L. Wicker, Standard Accident; A. O. Kelley, Des Moines, United States Fidelity & Guaranty; W. H. Faulkner, Des Moines, United States Fire, and R. E. McGonagle, Chicago, Western Sprinkled Risk Association.

Ernest R. Gardner, for many years special agent of Westchester Fire, died at Mercy hospital in Champaign, Ill. He had been suffering from a heart ailment since last July. His father, E. A. Gardner, is a veteran in the insurance business.

Mr. Gardner traveled for Westchester 21 years, previously having represented the Great American. His father was a prominent agent at Champaign. The Westchester was represented at the



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funeral Monday by S. H. Quackenbush of Freeport, Ill., western manager, and R. H. Gregg of Decatur, Ill., state agent of Crum & Forster. Mr. Gardner was 65 years of age.

B. O. Little, manager automobile and marine lines at the service office of North America group at Harrisburg, Pa., was killed in an accident at a hotel at Bethlehem, Pa. Mr. Little went to Harrisburg last spring, having been manager of the Chicago marine department of North America for about a year and a half. He had been with the North America companies 25 years, broken by a year in the agency business in New York immediately before he went to Chicago.

A. G. Howland, 78, who with his brother had conducted the A. G. and W. J. Howland Agency in Fall River, Mass., for over 50 years, died at his home in Westport Point, Mass.

H. C. Cain, secretary of the Ironwood (Mich.) Association of Insurance Agents and for a number of years president of the Gogebic County Association, died there. He sold his agency last August to J. V. Jacobson but had continued in close contact with the business.

J. Donald Porter, local agent of Connellsville, Pa., and president of the Connellsville Insurance Agents Association, died suddenly while playing golf.

At Paterson, N. J., **W. A. Merz**, 73, head of the long established W. A. Merz Co. local agency, died at his home. The agency will be continued by Fred J. Becker, who has been associated with the office for a number of years.

W. V. Smock, president Merchants Fire of Indiana, died recently. His home was at Frankfort, Ind.

George W. Dewey, who will be recalled by the older generation of fire underwriters as the one-time secretary of the Niagara Fire, and previously a field man in the south, died at his home in Goldsboro, N. C. Ill health compelled his retirement from active business years ago, since which time he lived quietly in the southland. A clever underwriter, Mr. Dewey conducted the arrangements for the Niagara Fire, when it reinsured the entire business of the Charleston Fire of West Virginia, Sumner Ballard, the great "intermediary" of the day, serving in that capacity. Especially popular with agents in the south, Mr. Dewey's particular friend in the territory was the late James H. Southgate of Durham, N. C., who at one time was the nominee for vice-president of the United States on the prohibition ticket, and who will be recalled as one of the most brilliant speakers in the councils of the National Association of Insurance Agents. He served as its president from 1911 to 1913.

Mrs. Cecil Barker, whose husband is a vice-president of the Osborn & Lange agency of Chicago, died Monday.

Fred Bertiaux on the Coast

SAN FRANCISCO—Fred Bertiaux of Chicago, assistant secretary of the Hanover Fire and Fulton, is on the Pacific Coast on a month's business trip. While making his headquarters in San Francisco during his stay, Mr. Bertiaux plans to visit Los Angeles and will later go to the Pacific northwest before returning to his Chicago offices.

Barnett Given More Time

KANSAS CITY—The federal court here has granted Paul V. Barnett, special master in the Missouri insurance department's examination of officials connected with fire companies involved in the Missouri fire rate case settlement, until December 15 to file his report. Judge Barnett indicated that he might have it ready for filing before that time.

Brayn Sloan, who has been with Sloan & Co., San Antonio general agency, as an adjuster, has joined the Federal Insurance Agency of Alice, Tex.

Century of Scotland and Ocean Marine have been licensed in Ohio.

According to

PHIL

By Phil Braniff
Insurers Indemnity &
Insurance Co., Tulsa



Comes Armistice Day. The proverbial poppy turns its scarlet face to a November sun in postmortem blush of remembrance. Adopted insignia of squandered blood, its roots find solace in the bones of young men who died with the word of eternal peace upon their dry lips. These were brave, necessary men—fighting for something futile—but fighting with the zest of conflict which a man understands only when he has confidence in his superiors and when he has seen his country's flag with understanding eyes and heard the roll of drums. But before the bones of these men become dust, another cannon hurls its missile across the confused horizon and men, knowing not why, prematurely reach their destiny. This is another war. This is the thing we fought to make impossible.

From whence do wars emanate? Greed? Envy? Necessity? The accurate cause of war, if correctly isolated, would probably be very unimportant as an event, but the general cause of war is the very essence of our lives—competition. The immortal Columbus who set his tired eyes upon these shores as his faithful watchman uttered the eventful words "Land Ho!" perhaps concluded his importance thence, whereas he launched an era which has predicated the destruction of other nations. These fertile lands are prize and envy. The propagation of race—the progress of nations—the continuation of political theory—these are things which bring war.

November 11, and a parade marches down the street—world war veterans celebrating the end of the last war and conscious of the immediate danger of another. Twenty years ago these men cheered and sang as they celebrated a victory—a victory which was to preclude the possibility of a vindictive, belligerent enemy ever starting another war—and here is that same country repeating the act. There will always be war.

And so the parade goes by, with flags and drums and bugles. Little boys stand on the sidelines and thrill at military music—little boys who will someday march and the little girls who now tug at their mothers' skirts will weep for them. The victory of war is hollow.

Future of HOLC Line Is in Doubt

Although the Home Owners Loan Corporation has canceled its contract with the Stock Company Association and the Mutual Association, the business is not immediately affected because the contracts do not expire until next April. It seems that the HOLC is shopping for lower rates on this business. It is understood that the premiums received by the insurance companies have amounted to something like \$8,000,000 whereas the losses have been about \$2,000,000. The insurance is on properties upon which the HOLC has foreclosed and where the borrower has failed to pay the premium.

The insurance companies are in a difficult position. It is doubtful whether they could offer special low rates on these properties in which the HOLC is interested, without violating the various state rating laws. It would not be surprising if the HOLC people would come out with a proposal to form a federal insurance scheme to insure these properties.

The various federal agencies that have insurable interests are bringing pressure in every direction to get the very lowest rates that they can and, of course, they have the threat of a federal insurance company as an alternative.



That husband of mine is going places!

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Attractive property insurance policies help with your agency problems. Financial stability, and a reputation for prompt payment of just claims are features available to RELIABLE AGENTS.

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The NATIONAL UNDERWRITER

November 9, 1939

CASUALTY AND SURETY SECTION

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Prominent Head of Agency Comments on Acquisition Cost

Contents That Producers of Small Premium Risks Not Overpaid

A man prominent in insurance, fire, casualty and life, who is head of a large agency, has had wide experience, is a profound thinker, a very successful administrator, and who is in close contact with the business expressed his views to THE NATIONAL UNDERWRITER on acquisition cost, having in mind the provocative order sent out by Insurance Director Palmer of Illinois on automobile insurance.

In substance, he said:

"We should understand, it seems to me, what acquisition cost is, what is its basis, and to what state officials are referring when they seek information on the subject. We hear very much about acquisition cost being too high and then state officials insist that there be a reduction in commissions. This encourages companies to chime in because many of them seem to take a similar view.

Large Premium Commissions

"I would agree with all these if they referred to commissions on large premium policies. I am frank to say that I think the commissions on these are too high. These large corporations have some one who handles their insurance, who is well informed and who realizes that the commission item is too high and hence forces some deal, rebate or trick practice whereby the assured gets his cost down. Because of the flat commission that is applied to small and large premium risks, the result is that unless there is a refund of some kind these large concerns will seek a cheaper market.

Would Put Maximum Expense Ratio

"Insurance selling may be akin to merchandising in some lines, and to engineering, there is a difference because in almost all classes of merchandise, people do not have to be sold inasmuch as they voluntarily buy. We must recognize, therefore, differences in merchandising and also realize there are various forms of engineering service. We must not overlook the fact that numerically there are many small enterprises and many people with small incomes that need insurance protection just as much as the large risks. I would agree with the state officials and companies that the maximum expense ratio over all did not exceed 50 percent. That is, a company should be able to handle all the business, large and small, within that amount. Insurance selling is a retail business. Hence its acquisition cost or expense cannot be fairly compared with merchandising in many lines where

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Casualty Cover Developments Reviewed by E. I. Fiery

That the National Bureau of Casualty & Surety Underwriters and its member companies are giving intense study to the improvement of old and the creation of new forms, coverages and rating plans, and that frequent and important announcements may be looked for from now on, was emphasized by E. Irving Fiery, manager Royal Indemnity, Chicago, in reviewing recent casualty insurance developments at the annual convention of the Illinois Insurance Agents in Springfield.

He said there is a growing tendency to broaden coverages, simplify contracts, and reduce the mechanical efforts incident to policy writing.

He also said there is a decided swing back to first class capital stock companies of business previously lost to mutuals, reciprocals and less representative stock companies.

Retrospective, Equity Refinements

Among the more recent important casualty developments are the revisions and refinements in the retrospective and equity rating plans (the latter not available in New York), which enable more equitable and comprehensive treatment as respects premium charges, insurance protection and service on select and unusual risks.

The retrospective rating plan is available only for workmen's compensation risks with annual premiums of \$5,000 or more in Illinois, but in other states it is available for risks with comparatively small premiums for workmen's compensation, automobile and various miscellaneous bodily injury liability and property damage liability, burglary and plate glass and combinations of the different coverages. It does not permit inclusion of boiler and machinery lines at this time.

Examples of Progressive Trend

Broadening of coverages, revision of the manual of liability insurance, creation of a new manual for owner's, landlord's and tenants liability and changes in the method of rating certain O. L. & T. classifications are among the more important developments in the field of miscellaneous public liability and property damage liability, and constitute definite examples of the now prevailing progressive trend.

The standard automobile liability policy first announced some four years ago was revised as of May 15, 1939. This policy is used in all states except Massachusetts and Texas.

Under the revised policy, insurance applies while the automobile is within the United States, Canada or Newfoundland, or while on a vessel between ports within the territories named if owned, maintained and used for the purposes allowed. The coverage is extended to include United States possessions and a vessel in transit through the Panama Canal or between the continent and island possession of the United States.

Exclusion "a" of the policy was amended by the substitution of the word "charge" for the word "consideration" and the exclusion now makes insurance inapplicable only while the automobile is used for carrying persons for a

charge rather than for any sort of a consideration.

The coverage for commercial automobile has been considerably extended, the revised form defining the term "commercial" as "use primarily in the business occupation of the named insured" and including occasional use for personal, pleasure, family and other business purposes. It specifically extends coverage to various personal, pleasure, family and business uses, but does not attach if more than eight persons are in the automobile and it is being used for purposes other than the business of the named assured at the time of accident.

It also extends coverage to trailers other than a trailer home while used exclusively for personal pleasure or family purposes other than business purposes.

Under the revised standard garage liability policy, coverage is extended to partners and executive officers of corporations actively engaged in the business irrespective of whether the accident was caused by the use of the automobile or otherwise.

Drive Other Car Endorsement

The drive other passenger automobile endorsement is now effective throughout the country except in Massachusetts. It extends the policy to cover the named insured and his or her spouse while either is operating or riding in an automobile which does not belong to them or a member of their family.

Non-ownership coverage is provided to protect the insured, and the husband or wife of the insured, in the event of an accident caused by a private chauffeur or domestic servant while operating an automobile irrespective of the ownership thereof.

As regards hired cars, Mr. Fiery said that the insurance prevails except where the car is hired as part of the frequent use of hired automobiles by, or furnished for regular use to the named insured, a member of the named insured's household or a private chauffeur or domestic servant employed in connection therewith.

Suspension Rule Discussed

An important manual change which has not seemingly received the attention it deserves, in Mr. Fiery's opinion, is the amendment of the suspension rule.

Previously, policies could be suspended during the period from Nov. 1 to May 1, only. Under the revised rules, suspension may be effected any time during the year and regardless of weather conditions.

The rule further provides that upon reinstatement of the insurance or upon expiration of the policy during the period of suspension the insured shall be entitled to a pro rata return of the premium for the period of suspension, provided no return may be allowed for a suspension of less than 60 consecutive days and provided that the company shall be entitled to premium not less than the short rate premium for 60 days.

Mr. Fiery said: "Another important development of the current year in the casualty business was the adoption of the rating plan which distributes pre-

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Grant U. S. Supreme Court Appeal in Virginia Suit

Companies Challenge Findings of Fact and Conclusions in Brief

RICHMOND, VA.—The petition filed in the United States district court here by 34 casualty companies for appeal from the decision of a three-judge court upholding constitutionality of the Virginia countersignature law contains 36 assignments of error. Judge Pollard, who sat as a member of the three-judge court, allowed the appeal, and the case will now be taken to the United States Supreme Court. Defendants have been given 40 days in which to appear before the Supreme Court to show cause why the decree of the three-judge court should not be reversed.

Challenge Findings and Conclusions

Both the findings of fact and conclusions of law in the lower court's decree are challenged by the companies in their petition for appeal. One of the assignments of error sets forth that the court erred in findings that the assured most needs the benefit of company services in the state of exposure. Another asserts that the court was in error in finding that the broker or producer frequently contributes to the reduction of premiums as a matter of policy by reducing the customary commission. It is further alleged that the court was in error in finding that under present out of state production technique small Virginia companies cannot offer reduced premiums on interstate contracts with Virginia coverage included, and that out of state production of insurance contracts makes more difficult the enforcement of Virginia laws, particularly those dealing with rates, rebates and special favors and virtually nullifies Virginia's statutes dealing with such matters. Finding of the court that prior to the enactment of the statute involved general agents, branch office managers and salaried agents countersigned without compensation contracts produced outside Virginia and covering risk therein was also an error, it is asserted.

Assert Court Was in Error

It is asserted that the court was in error in finding that if the Virginia agent is paid one-half the commission in a master contract covering risks in several states he will doubtless be called upon and be able to render service of substantial value and be able to render assistance in checking coverage and premiums, servicing the contract, adjusting claims and acting as mediator between the assured and insurer in the coverage locality. It is claimed that this is not supported by substantial evidence and is contrary to the clear weight of the evidence. It is also asserted that the court

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Claims Bureau Men Conduct N. Y. Forum

Work of the Organization Is Summarized—Some Addresses Are Given

Claim managers and counsel of the 61 stock companies that comprise the Association of Casualty & Surety Executives were represented at a forum of the Claims Bureau, last week at headquarters. It was the first forum held by the Claims Bureau this year.

L. K. Babcock, secretary Aetna Casualty & Surety, presided at the morning session and C. W. Fairchild, general manager and treasurer of the association, welcomed the delegates. The session was devoted to a report of the advisory committee activities during 1939 by its chairman, Mr. Babcock; an address on the development of the Claims Bureau by Barent Ten Eyck, general solicitor, and a report of what the bureau has done during the year by Wayne Merrick, director of investigations.

Results of 18 Months

Mr. Merrick said that during the 18 months ended June 30, 690 cases in which fraudulent claims were indicated had been handled by the bureau; 204 cases were referred to prosecutors, bar associations or medical societies. There have been 191 persons indicted to date. Twelve persons received suspended sentences, 10 were placed on probation, 22 attorneys were disbarred or suspended and one doctor received a suspended sentence.

Mr. Ten Eyck presided at the afternoon session. F. J. Roan, second vice-president Commercial Casualty, spoke on the difficulty of ascertaining what are reasonable trial counsel charges. S. M. Thomas, secretary Glens Falls Indemnity, discussed the difference between casualty and surety claims problems. "A Company Applies the Lesson of the Omaha Investigation," was the subject of C. S. Weech, vice-president New Amsterdam Casualty, and G. B. Wesley, superintendent of liability claims London Guarantee & Accident, spoke on "Licensing Adjusters." J. D. Dorsett, manager casualty department Association of Casualty & Surety Executives, spoke on "Good Will and the Claims Adjuster."

R. E. McGinnis, president of the Central Surety of Kansas City, spent the week end in Los Angeles.

Little Change Made in Automobile Rates in Massachusetts

BOSTON—Commissioner Harrington of Massachusetts, in promulgating the automobile liability rates for next year, called attention to the fact that there is not much change from the rates as tentatively promulgated. They are expected to yield just about the same volume of premiums next year as this. Under the new rates there is only one classification for passenger cars, so far as size is concerned, there being no distinction made between light and heavy cars as formerly, or light, medium and heavy as originally. This saves considerable time in writing policies.

The companies contended that the premiums to be yielded on the present rate of premiums will probably fall short of the amount necessary to cover losses and expenses by \$2,500,000. The same formula was used this year in calculating the rates as last year, viz., the five-year average modified by the average of the latest three years of the period on which rates are based, that is, 1934 to 1938, inclusive, for the current rates.

Commissioner Harrington modified his tentative schedule of rates in three minor respects. Private passenger cars in Chelsea, the highest rated district, will be given a \$1.10 cut, making the rate \$69.70; taxicab rates in Norwood will be reduced from \$230 to \$190 and a 25 percent reduction will be allowed for dual control instruction automobiles.

Representatives from the Suffolk district, which includes Boston, at a meeting voted to support a bill in the next legislature looking to an elimination of the zoning system under the compulsory act.

Large Judgment Awarded

NEW YORK—A reminder of the care casualty underwriters must exercise in considering offers for public liability coverage on bus risks is afforded by the \$25,895 award given H. G. Schimel by a jury in the supreme court, Brooklyn, in his action against the Brooklyn Bus Corporation. The plaintiff testified he was struck and badly injured by a bus, Dec. 30, 1937, while inspecting a parked automobile. Because of the injuries suffered he was retired from the police force last February. Bus risks are handled very gingerly, some companies because of their sorry experience with the line refusing to consider it at all, while those accepting the business kept their net retentions to modest figures.

University of Texas Plans Conference

AUSTIN, TEX.—The University of Texas has moved to swap ideas with the insurance field of Texas and the southwest, announcing plans to hold a two-day conference in Austin, Nov. 24-25, on the general problems of personnel selection and employer-employee relations.

The conference is the first of its kind to be attempted by the university. W. R. Woolrich, university engineering dean and conference chairman, said that not only Texas insurance men but representatives of nine other fields of employment, ranging from public utilities to petroleum production, would attend.

Keynote Address by Dr. Rainey

The program calls for a keynoting address by Dr. H. P. Rainey, university president, a general session on the personnel problems of the southwest area, clinics on job interviews, a panel of speakers giving short talks on their own problems of employment and personnel, and a round-table discussion of such recent governmental regulations affecting employer-employee relations as the wages and hours law, social security act, and the National Labor Relations Board.

Defeat of Dole Schemes Meets with Approbation

The insurance fraternity is delighted over the defeat of the dole pension plans in Ohio and California, which are regarded as fantastic, uneconomic and exceedingly dangerous. The proponents of the plan in California spent some \$600,000 to promote it. It was a pension scheme to pay \$30 every Thursday to persons over 50 years old who had retired from active work. It was to be in the form of a constitutional amendment and would be financed with script on which users would have to add a 2-cent stamp each week to make it valid. In Ohio the sponsor of its plan was Rev. H. S. Bigelow of Cincinnati. It proposed to tax land and incomes to guarantee \$40 or \$50 a month to every retired person over 60 years of age.

H. L. Lockwood of Baltimore, claims attorney for the American Mutual Liability, was married to Harriet Fisher of Des Moines at Excelsior Springs, Mo.

B. H. Freeman, Maryland Casualty manager, San Antonio, Tex., has been confined to his home for some time by illness.

Can't Require Policy to Conform with Literature

LINCOLN, NEB.—An insurance company may make any restriction it sees fit in the selling of its contract, Insurance Director Smrha informed an army doctor who had written in protesting that in literature sent him by an assessment company in Omaha nothing was said about any waivers, but that when he applied for a policy he was told that he would have to sign one covering airplane travel. Mr. Smrha said that the only requirement he makes of companies is that any restrictions in policies be approved by his department. His correspondent insisted that the company was under obligations to issue him a policy in accordance with representations in the literature. Mr. Smrha replied:

"Under our statutes and under their contracts they are within their rights when they refuse to accept an applicant for membership and this they may do without giving any reason therefore at all. Their obligation is to render service only to those whom by a written agreement they have agreed to protect by payment of benefits upon the happening of specified events. They are under no more obligation to accept a risk than a banker is to make a loan to one who desires to borrow. In this they are precisely in the same situation as yourself, in that the association cannot compel you to become a member. It cannot be said that you have been injured because the company has misrepresented to you the merchandise which it offers for sale. You have lost nothing because of inability to purchase the contract, since one cannot lose something he never had. You have no rights so far as this association is concerned and will not have until and unless you become a member and your becoming a member rests upon your willingness to do so but also upon the willingness of the company to accept you."

Meeting Again Postponed

NEW YORK—The inability of important company executives, through absence from the city, to attend the meeting of the fidelity and surety acquisition cost conference, to be held here last Friday, caused its postponement to Nov. 10. It will consider rules enacted some months ago for governing the production and handling of business in Cook County, Ill.

The Auto-Owners of Lansing, Mich., held a sales conference and dinner in Columbus, O., one of a series of 18 in Ohio, Indiana and Michigan. I. W. York, superintendent of agencies, was in charge.

SPEAKERS AT THE ILLINOIS AGENTS CONVENTION



R. I. CATLIN, Hartford
Vice-president Aetna Casualty



ROY A. DUFFUS, Rochester, N. Y.
Local Agent



E. IRVING FIERY, Chicago
Manager Royal Indemnity



HAROLD E. TAYLOR, Newark
Advertising Manager American

Asks Agent to Reach Insurable Uninsured Motorist

R. I. Catlin Carries Crusade to Illinois Agents at Springfield

SPRINGFIELD, ILL.—R. I. Catlin, vice-president of Aetna Casualty, who is one of the foremost crusaders in the cause of reducing the number of uninsured motorists, delivered an exceptionally compelling message on the subject at the meeting of the Illinois Association of Insurance Agents here Wednesday. Mr. Catlin was escorted to Springfield by George Tramel, Chicago manager of Aetna Casualty, and a large delegation from that office.

Mr. Catlin estimated that there are from six to eight million car owners in the United States who might be classified as "insurable uninsured motorists." In that group are the car owners who present an acceptable exposure to the insurance companies and have the capacity to buy liability protection, especially in view of the present rate treatment, including the \$1,000 policy.

Some Can't Be Reached

Mr. Catlin said he removes from consideration the estimated 6,500,000 cars that are valued at \$50 or less being operated by motorists with incomes of \$25 a week or less. This group, he said, presents an economic problem when it comes to the matter of financial responsibility applying to the operation of his automobile and will avoid purchasing liability insurance as long as possible.

As an indication of who constitutes the "insurable uninsured motorist," Mr. Catlin gave the results of an analysis of occupations of purchasers of the \$1,000 policy in Aetna Casualty. Sixty-four percent of those purchasers were in these occupations: Doctors, dentists, lawyers and engineers; teachers and professors; clergymen; retired men and women; housewives, office workers, policemen and firemen, artisans or skilled laborers (not factory).

The failure to purchase automobile liability insurance on the part of this group, to whom the coverage is a real necessity, is more the result of the failure of insurance to sell the protection than it is a question of economics, he contended. If the business is to be successful in selling liability insurance to this class, "spade work" is necessary in addition to salesmanship. Because of the nature of the work of many in this class, it is not easy to locate the individual. However, companies that are selling auto liability insurance direct or through salaried employees are making a real drive to locate, contact and sell this class. It is up to the stock companies with their agency organization to bestir themselves and establish definite ways and means for cultivating this particular field.

Mr. Catlin estimated that there are about 600,000 such motorists in Illinois.

Deplores Price Consciousness

Those who do purchase insurance, Mr. Catlin said, in recent years have been made too conscious of price rather than the importance of adequate and proper protection, according to Mr. Catlin. Probably the economic situation has caused development of an attitude of price consciousness but there is more evidence of price selling than price buying, he declared. Too many agents quote the lower price or attempt to "carry water on both shoulders" by putting two quotations before the buyer,

Bay State Compulsory Auto Assigned Risk Plan Up

BOSTON — An assigned risk plan for taking care of subnormal risks under the Massachusetts compulsory automobile liability insurance act will come up for probable final action at a special meeting of the Massachusetts Automobile Rating and Accident Prevention Bureau Nov. 15.

The companies will present their plan, the details of which have not been given out. The bureau also has before it a plan presented by the Massachusetts Brokers Association, which would provide that each assigned assured be notified of the privilege of having the services of an agent or broker, who would be designated on the application. The brokers' plan also provides that where the agent named does not represent the company to which a risk has been assigned, the insured shall have the right to employ a broker. In either case commission would be paid. The brokers' plan provides that no commission would be expected where a risk is assigned to a direct writer and that insured have the privilege of having their business written direct through the bureau, without commission allowance, if they desire.

The Massachusetts Association of Insurance Agents, appearing before the bureau at a recent meeting, argued in favor of the regular commission being paid an agent on all assigned risks.

leaving it to him to make his choice with little or no knowledge of the difference in the character of the companies involved.

The buyer, he said, is entitled to a full explanation as to the relative importance of protection and price. Price selling, he declared, requires little more than order taking, whereas the selling of any form of insurance on a protection basis necessitates salesmanship.

Mr. Catlin said that many producers lack enthusiasm, knowledge, planning and courage.

He said there is need in the business for more open mindedness concerning innovations or changes in underwriting and rating procedure. The changes that have been introduced in the past year or two in the automobile liability field represent forward steps and are moves that will increasingly receive commendation from the automobile owners.

Safe Driver Plan Is Fixture

Mr. Catlin said that, contrary to predictions in some quarters that the safe driver reward plan will be discontinued, the companies are more than ever committed to its continuance.

The \$1,000 limit policy is proving beneficial in getting many motorists out of the uninsured group. A recent study, he said, showed that 25 percent of the purchasers of these policies had renewed their insurance at standard limits or better.

The new classification plan, he declared, will enable the business to co-ordinate the business of motorists, producers and companies in a more practical and efficient manner. The elimination throughout most of the country of the X and Y symbols applying to private passenger cars together with other changes that have been made looking toward the broadening of coverage and the simplification of the manual should operate to the distinct advantage of producers and companies, according to Mr. Catlin.

Nature of Commissions

While some producers have criticized the downward rate trend of bureau companies, and chiefly because of the lower commission income, he said, as a matter of fact the business should be deeply grateful for the fact that the automobile accident situation has improved to the extent that the companies are able to offer proper and adequate insurance protection and service to the public at a more attractive cost. The

Air Accident Cover Is Neglected Line

J. R. Graham Outlines Opportunities, Prospects for Income in Future

That accident coverage for individuals who are frequent users of scheduled airlines as a means of transportation is a field that is practically untouched, was pointed out by J. R. Graham, Chicago manager United States Aviation Underwriters, at a meeting of the Insurance Club of Chicago.

He said the remarkable safety record which the airlines have developed within the last two years has caused an extraordinary increase in air transportation and the insurance companies are reflecting this safety record in the low premium rates which they are charging for airline accident coverage.

At present premium volume of aviation cover when subdivided among a large number of agents and brokers is not of great importance individually, but collectively it compares favorably to the first 10 years of automobile insurance and every indication points to the volume of aviation insurance premiums increasing in the same proportion in the coming 10 years as was manifested from its inception up to the present time.

\$500,000 in Premiums

As an example it was pointed out that the civilian pilot training program recently inaugurated by the United States government at 400 schools and colleges will drop approximately \$500,000 premiums into the laps of various local agents throughout the country. This program will continue for five years and from present indications the total volume will run approximately \$3,000,000.

He further said it is reasonable to expect that after the completion of the government training program a certain percentage of these pilots will continue to fly and will purchase their own aircraft. This cannot help but stimulate aviation as a whole and materially increase the number of training centers, aircraft production, engine manufacturing, airport activity and state inspection, each of which possesses a potential source of income for the wide awake agent.

Mr. Graham estimated that in the Chicago area, excluding airline premiums, there perhaps is close to \$150,000 per year in aviation premiums which have already been developed. He further estimated that this should be doubled within the next two years unless war should come.

reduction in rates should also help in the crusade of reducing the number of uninsured motorists.

The producer should keep in mind, he said, that his commissions represent a fee which the purchaser pays for service that consists chiefly in recommending adequate protection and the proper company to assume the risk. The agent should view the label he places upon a policy as representing a full and complete endorsement of the company which he has selected to carry the coverage.

The agent should analyze the particular circumstances and conditions involved in the particular risks so that the insurance policy when written and delivered will afford satisfactory coverage. The buyer is interested in financial security and service. He is interested in the conservation of such assets and income as he possesses. He desires to be relieved of the handling and settling of claims which might arise out of accidents which might occur and regardless of where and when they occur.

Additional casualty news on page 11.

Compensation Council's Gathering Now Set for Dec. 14

National Group Avoids Date Conflict with Commissioners' Meeting

NEW YORK — To avoid conflicting with the mid-year gathering of the National Association of Insurance Commissioners, the annual meeting of the National Council on Compensation Insurance, which according to its constitution should be held Dec. 7, has been deferred to Dec. 14. In addition to electing representatives on the board of appeals and four members of the governing committee, all members of the rates committee must be chosen at the gathering.

Complexion of Committees

Present appeal board representatives are: J. S. Phillips, chairman Great American Indemnity, for the stock companies, and J. L. Train, president Utica Mutual, for the non-stock carriers.

Membership on the governing and rates committee is made up equally of stock and non-stock companies. Those whose term will expire next month are: Lumbermen's Mutual Casualty, Michigan Mutual Liability, Maryland Casualty and Ocean Accident.

Companies composing the rates committee are: Stock—Aetna Casualty, Employers' Liability, Fidelity & Casualty, Globe Indemnity, Hartford Accident, Maryland Casualty, Ocean Accident & Guarantee, Travelers, United States Casualty and United States Fidelity & Guaranty.

Non-Stock—American Mutual Liability, Casualty Reciprocal Exchange, Employers Mutual Casualty of Iowa, Employers Mutual Liability of Wisconsin, Hardware Mutual Casualty, Interboro Mutual Indemnity, Liberty Mutual, American Lumbermen's Mutual Casualty, Michigan Mutual Liability and Utica Mutual.

Offers a Lower Rate

The National Association of Retail Grocers from its executive offices in Chicago has sent a letter to members stating that it is in a position to furnish insurance at a saving of from 30 to 40 percent. It is ascertained that it has made a connection with the Lumbermen's Mutual Casualty of Chicago. It is understood that the insurance is to be on automobiles, trucks and other casualty risks.

Globe Indemnity Figures

As of Oct. 1, the Globe Indemnity showed assets \$40,625,117, increase from \$39,050,269 at the end of the year. The surplus is \$5,000,000. The voluntary reserve for contingencies including fluctuation market value reserve is \$7,436,483, increase from \$6,621,734. Claim reserve is \$16,685,928 and premium reserve \$7,519,929.

National Surety's Figures

The National Surety, as of Oct. 1, shows assets \$26,011,481, increasing from \$24,187,307, as of Dec. 31. The surplus is now \$11,795,738, increasing from \$10,376,627. The contingency reserve is \$415,362 and loss reserve \$4,041,760. The net premiums for the nine months were \$7,248,763, premiums earned \$6,916,579. The underwriting operations showed a profit of \$864,990 or 12.5 percent of the premiums earned. The investment income was \$568,333.

FIDELITY AND SURETY

Korte Proposed as President of Chicago Surety Group

Albert Korte, manager bond department Fidelity & Casualty, has been nominated for president of the Surety Underwriters Association of Chicago to succeed P. O. Olstad, manager fidelity and surety department Continental Casualty.

Nominated for vice-president is A. F. McCarthy, manager Chicago branch office Massachusetts Bonding; secretary, Ward Hilton, assistant manager bonding department, Hartford Accident; treasurer, John Bryden, manager bonding department Glens Falls, and general counsel, E. V. Mitchell, general counsel Continental Casualty.

These officers will be elected at the annual meeting to be held Nov. 14 at the Lake Shore Athletic Club at 6:30 p. m. The meeting will be informal and featured by special entertainment.

Big Bond on Navy Yard Contract

Fidelity & Deposit and Hartford Accident are the originators of the bond to cover a contract let by the Navy De-

partment to the Case Construction Co. and the Macco Construction Co. of Clearwater, Cal., for a drydock at the Puget Sound Navy Yard, the contract price being \$1,960,000. Other companies will be on the bond when it finally is executed.

Discuss New Bond Forms

KANSAS CITY — New forms of bonds made necessary by new laws in Kansas and Missouri were discussed at the meeting of the Surety Branch Managers Club here. It was the largest meeting of the year. Guests included Spencer Welton, vice-president Massachusetts Bonding, and John E. Kratz, assistant manager judicial department Fidelity & Deposit.

Cut Michigan Gasoline Bonds

LANSING, MICH. — Bonds required to be posted by gasoline distributors, guaranteeing payment of the state's 3 cents per gallon gasoline tax, will be reduced somewhat for 1940.

New bonds for distributors outside Wayne county must equal 2½ times the average monthly tax liability of the distributor. Previously a bond three times

the liability has been required except in Wayne county (Detroit) where the lower figure has prevailed.

Bonds now cost about \$16 per \$1,000. The average bond will be reduced from \$4,000 to \$3,300.

Rates Cut on Savings Bank Bond

The Towner Rating Bureau has issued a new manual page, showing a 10 percent reduction in premiums for form No. 5 revised of the bankers blanket bond, which is written for savings banks only. The reduction had previously been announced by bulletin. The old rate schedule is retained, but the final premium is now discounted 10 percent. Riot and civil commotion may be added for a 5 percent increase in premium. Surety Association of America companies have experienced much competition on this form from the "NAMS" bond of United States Guarantee, which has the endorsement of the National Association of Mutual Savings Banks.

File Independent Rates

NEW YORK — Independent rate filings for fidelity and surety bonds have been made with the New York department by the Standard Surety & Casualty, and by the American Mutual Liability.

Review Current Surety Problems

DETROIT — A round-table discussion of current problems in the surety field will be featured at the meeting of the Surety Association of Michigan this week. T. A. Eggleston, Aetna Casualty, will preside.

Many Michigan Tax Bonds

DETROIT — Michigan's surety men are beginning to write short-term tax bonds in quantity, indemnifying county treasurers against possible losses in county taxes collected by township and city treasurers in December. There has been no change in rates.

Cleveland Club to Elect

CLEVELAND — The annual meeting and clambake of the Surety Association of Cleveland will be held at Stony Brook Inn Nov. 13. In addition to the election, there will be an evening of entertainment.

Seattle Surety Men Meet

SEATTLE — L. D. Hed, Fidelity & Casualty, acting president Seattle Surety Association, outlined briefly his recent trip to New York at the meeting of the association.

Surety Manual Rearranged

NEW YORK — Carrying out the plan initiated a year ago, of clarifying and rearranging its manual for the greater convenience of subscribers, the Towner Rating Bureau has now revised the judicial section, covering rules for writing court and fiduciary bonds. There still remains rearrangement of the contract, miscellaneous and federal rate schedule sections to complete the manual revision, which will consume several months.

Illinois Figures Are Questioned

In the results of the survey on casualty acquisition cost in Illinois that was released by the Illinois department, there was a paragraph stating that 49 of the 84 stock companies maintained branch offices which wrote premiums of \$4,633,905 for 1938, and reported expenses, exclusive of commissions, brokerage or salaries to solicitors of \$2,852,663. A good many questions have been asked about these figures. Many feel that they are incredible. In response to an inquiry the Illinois department states that there is probably no direct connection between the \$4,633,905 of premiums actually written by casualty branch offices and the \$2,852,663 of branch office expenses, exclusive of commissions, brokerage or salaries to solicitors.

CHANGES

Boynton Enters Field for Continental Casualty

George M. Boynton has been appointed executive special agent for Continental Casualty and National Casualty. Mr. Boynton, who is fully conversant with all lines written by both companies, will travel through Illinois and bordering territory.

Mr. Boynton was born in New York and moved to Ann Arbor, Mich. He was educated at Albion College and the University of Michigan. Upon his graduation from the latter institution in 1929, he entered the underwriting department of Standard Accident at Detroit. In 1930 he became associated with that company's branch at Chicago as an underwriter. He was appointed special agent in 1936, traveling Illinois and Wisconsin.

Car & General Appointment

Christopher Sloane, for some time special agent in New England for the Car & General, has been transferred to the branch office in Boston, where he has been assigned important duties as aid to the local manager. As special agent he is succeeded by Nelson Patchett, who is to travel Massachusetts, New Hampshire and Rhode Island. He operated in the territory for other companies in recent years.

E. J. Reid Joins Mass. Bonding

Edwin J. Reid has joined Massachusetts Bonding as special agent in Illinois. He resigned recently as casualty manager in the Chicago branch of Standard Accident, a position he had held for five years. Before that Mr. Reid was with Fred S. James & Co. as assistant casualty manager for 12 years. He started with Critchell, Miller, Whitely & Barbour of Chicago. He is president of the Casualty Underwriters Association of Chicago.

Associated Opens Seattle Branch

A branch office of Associated Indemnity has been opened at 306 Colman building, Seattle, in charge of Mrs. Rosemary Allen. The branch is under the jurisdiction of P. S. Carrell, manager northwestern department, Portland, Ore. Groninger & Co. are Washington general agents.

Law Is Maryland Casualty Special

James G. Law, in local agency work in Dallas for several years and later a company agent, has been appointed Maryland Casualty special agent for the San Antonio, Tex., territory, with offices at 915 National Bank of Commerce building.

NEWS BRIEFS

George H. Batt, special agent of the Aetna Casualty, has been transferred from Richmond, Ind., to Indianapolis.

B. D. Pokrass has joined the Merriam agency of Greensboro, N. C. Since 1924 he has been with the Richmond office of the Aetna Life companies.

J. J. O'Brien, Seattle, has been appointed northwest casualty manager of Edward Brown & Sons.

R. G. Baender has been appointed casualty field assistant of Travelers in San Joaquin Valley. He takes over the duties formerly handled by Fred Gilbert, Jr.

W. H. Pool, formerly supervising underwriter for the casualty and surety department of the Texas General Agency Company of San Antonio, has been appointed supervisor of underwriting for the Maryland Casualty branch office there.

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WORKMEN'S COMPENSATION

U. S. Companies Get Larger Share of High-Low Waiver

The American companies report that they are writing a larger portion of the contracts providing for waiver of the extra premium in excess of standard in connection with the workmen's compensation retrospective rating plan. This is probably due to the fact that London Lloyds, which originated the contract when retrospective rating was first introduced, has had a bitter experience with the line and is now accepting the business gingerly and at increased rates.

Lloyds originally wrote the business at a rate of 10 percent of the sum assured. At first this was the difference between the standard premium under the traditional policy and the maximum penalty that might be assessed for poor experience. However, the scheme was liberalized in many risks to increase the sum assured to the difference between 90 percent of the standard premium and the maximum penalty. Much of the business that was written by Lloyds was in connection with lines on which the rates had been heavily cut so that the premium to Lloyds was substantially reduced.

The American companies were displeased when Lloyds furnished this insurance, as, in a way, it tended to nullify the purpose of retrospective rating. However, since most assured that took the retrospective rating plan also purchased a Lloyds contract on the side, the American companies decided to furnish similar contracts but at a higher rate. The rates selected by the American companies have come much closer to the mark than have the Lloyds rate.

State Fund Man Convicted

NEW YORK—Convicted of accepting a bribe from a policyholder of the State Insurance Fund, while in its employ as a payroll auditor, Charles DeGroot of Queens was remanded for sentence Nov. 17. It is estimated that for a period of 2½ years he accepted bribes from assured averaging \$500 a month. His annual salary was \$1,800. Since the inquiry into the reputed dishonesty of certain employees of the State Fund began early in the year, no less than 21 auditors and 124 other employees of the organization throughout the state have been arrested.

Tornado Deaths Not Compensable

The Georgia court of appeals has ruled that deaths of workers in the Gainesville tornado in 1936 were not due to risk or danger peculiar to persons employed in that area, and that workmen's compensation may not be collected for such deaths or injuries. The appellate court reversed the state industrial board and the Hall superior court, which had ruled that compensation payments should be collected.

This case was brought by Stanton Cox for the death of his wife, an employee of the Gallant-Belk Hardware Company, against the Hartford Accident. The decision is expected to affect several hundred Gainesville workers.

Retrospective Plan for Large Contracts in N. Y.

NEW YORK—An alternative retrospective rating plan for workmen's compensation insurance will become effective Dec. 1. It permits compensation insurance to be written on specific long term construction contracts, which are expected to take more than one year for completion, on the retrospective basis, the individual contract to be rated as a unit for its entire period. The retrospective premium on risks of this type is to be computed on the same formulas as the New York retrospective rating plan for annual risks.

The new plan is optional with the assured, but election must be made before work under the long term contract begins, or within three months after the effective date if work has already started. The rules provide that it must be a single contract or concurrent or consecutive contracts comprising a single construction or erection project at a specific location, insured by the same carrier. If the project is divided into sections and independent contracts are

let, the contracts cannot be combined under the retrospective rating plan unless the work is done either concurrently or consecutively. A single insurance company and a single policy are required under all conditions, and no other work of the contractor may be included in this plan. The annual standard compensation premium must be at least \$5,000, the same requirement as under the regular retrospective rating plan. The Compensation Insurance Rating Board must approve each contract under the alternative plan. Annual policies must be written and tentative adjustments made at the end of 18 months after the effective date and every 12 months after that.

It is not expected that there will be many contracts which can qualify under this new plan, because of the \$5,000 minimum premium and the requirement that the contract must take over a year to complete, but it will enable a few very large construction contracts to be rated exclusively on the experience of the job.

Minnesota Hearing Nov. 27

MINNEAPOLIS—The rating committee of the Minnesota compensation rating bureau will meet Nov. 9, when the 1940 rate proposals will be drafted and submitted to the Minnesota com-

pensation insurance board. Nov. 27 has been set as the date for a public hearing.

Don Anderson, Oklahoma City, has been appointed attorney for the Oklahoma state fund, succeeding Roland Wilson.

Continental Casualty in Fine Premium Increase

The Continental Casualty has declared an extra dividend of 30 cents a share payable on Dec. 15. The nine months operating profit shows a reduction from the comparable one of 1938, and about equals that of 1937. The regular dividend is 30 cents a share, payable Dec. 1. Total cash payments for 1939 will be somewhat in excess of the cash dividend payments the preceding year.

The net premium gain for the first nine months was \$1,645,000 over the corresponding period of last year. A number of new agencies have been established and much progress has been made during the nine months. Assets have reached a new high record.

N. E. Bartlett, manager forgery department of Maryland Casualty, visited agencies in the Pacific Northwest last week.

CANCEL

This word comes from the Latin cancellus meaning lattice-work. Deeds and other writings were formerly cancelled by being marked with lines which crossed the writing in both directions like lattice-work.

—Words, Facts and Phrases by Eliezer Edwards.

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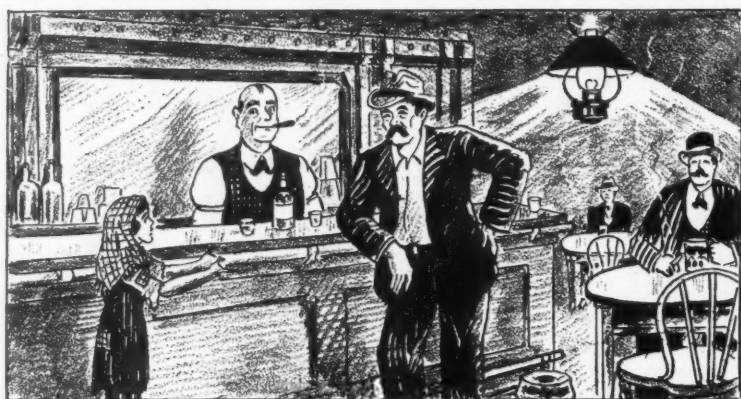
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ACCIDENT AND HEALTH

O'Connor Heads New Club in Newark

NEWARK—At the first meeting of the Accident & Health Club of Newark, newest addition to the list of local associations in that field, E. H. O'Connor, assistant secretary Bankers Indemnity



E. H. O'CONNOR

and former president of the National Accident & Health Association, who acted as temporary chairman, welcoming those in attendance and outlining the purposes of the club, was elected president. Other officers are: Vice-president in charge of meetings, G. L. MacDowell, supervisor group disability division, Commercial Casualty; vice-president (education), R. F. Sheehan, manager Mutual Benefit Health & Accident; vice-president (membership), A. E. Thyseus, Hooper-Holmes Bureau; secretary, C. L. Templeman, Maryland Casualty; treasurer, D. J. Moe, C. J. Simons & Co.; executive committee, William Ford, Continental Casualty; Paul G. Garey, Commercial Casualty; R. T. Heller, Prudential; J. T. Metz, Travelers; T. C. Sherman, Pacific Mutual Life.

George Inducts Officers

The newly elected officers were inducted by Harold M. George, United States Fidelity & Guaranty, president of the Accident & Health Club of New York, who also presented a gavel suitably inscribed as a gift from that club. Other members of the New York club who spoke were: W. T. Hammer, Commercial Casualty, on "Education;" J. L. Clarke, Hooper-Holmes Bureau, "Interesting Meetings;" Hugo Henn, Indemnity of North America, "The Duties of the Treasurer;" R. E. Ryan, Globe Indemnity, "The Duties of the Secretary;" L. K. Farrell, assistant secretary Metropolitan Life and past president of the New York club, "Public Relations;" and J. L. Ullman of W. L. Perrin & Son, "Publicity."

Telegrams conveying wishes for success were received from R. B. Kegley, president Chicago Accident & Health Association, and Harold E. Bredberg of Chicago.

Hospitalization Cover Doooms Children's Tonsils

Companies writing group hospitalization contracts, covering dependents of the employees as well as the employed person himself, find that they are at the outset paying for a large number of tonsilectomies for children. Doctors will advise taking out the tonsils of a large number of children and apparently the employee, as soon as he comes under the hospitalization coverage, follows the ad-

vice of the physician without much hesitation. The companies seem to be taking these claims in their stride, however. Usually only a day or two in the hospital is involved and the physician's bill is not large.

New Amsterdam Has Two New Auto Accident Policies

Two new automobile accident policies have been released by the New Amsterdam Casualty, both with premium of \$8 annually. The "Medical 8" policy pays principal sum for loss of life or dismemberment, and has expense reimbursement provision which covers medical, surgical, x-ray, hospital and nurse expenses up to \$500 for any one accident.

The "Special 8," with the same insuring clause as the other form, has principal sum provision for loss of life and dismemberment, pays \$25 weekly for total disability for 26 weeks and \$10 partial for four weeks. It pays \$15 additional weekly for hospital and/or nurse up to \$60 with medical attendance allowance of \$5 for non-disabling injury.

The company advertises these as the "twin 8" automobile accident policies for men, women and juniors.

To Hear Ralph Kastner

The public relations aspect of claim adjusting will be discussed by Ralph H. Kastner, associate counsel American Life Convention, Chicago, at a meeting of the Chicago Claim Association, Nov. 15. It will be held at 6 p. m. in the Sportsmen's Grill in the London Guarantee building, 360 North Michigan boulevard.

No Iowa Special Policies

Hereafter accident companies will be spared the expense of issuing special policies for use in Iowa, the department

Provident Life & Accident's San Francisco Manager



MARSHALL GOODMANSON

Marshall Goodman, manager of the Provident Life & Accident's new San Francisco branch office, for the past eight years has been traveling the United States as agency supervisor. He joined the Provident at the time the accident business of the Southern Surety, Des Moines, was underwritten by the Chattanooga company. He was graduated from Drake University in 1929, immediately thereafter entering the service of the Southern Surety.

of that state having approved a form of rider for attachment to the standard type of contract, under which the requirements of the Iowa law are satisfactorily met. It was stipulated by the department that the rider be printed by one establishment for all companies, and that it be indicated by a symbol, thereby insuring uniformity and sparing the department the effort of scanning each individual attachment to determine its authenticity.

Considering the number of personal accident policies written for Iowa assured, use of standard form contracts, instead of special policies as for years past, will effect a considerable saving in printing costs.

Powell Addresses Claim Men

BOSTON—President John M. Powell of the Loyal Protective Life, addressing the opening meeting of the Boston Life & Accident Claim Association, said there is a constantly increasing public interest in health problems. He urged the claim men and adjusters to handle claims so that the companies' esteem would be increased and insured become more enthusiastic about increased health and accident coverage.

No Change in Coverage

NEW YORK—Casualty underwriters, after a general review of the European war situation, concluded no present reason existed for changing the provisions of the standard personal accident policy forms, which now exempt the companies from liability in the event of the death or injury of assured in case of war. In the early days of the world war, policies then in force contained no such stipulation, and the carriers adopted a rider attachment denying liability for war hazards until three months after peace had been declared. As few, doubtless, of these old contracts are still in force, it is unlikely any change in the limited number still carried will be applied. The feeling is that those covered by them are now beyond the age for active military service in the event of this country's entry into the present war.

Banner Year for Provident

With business conditions holding up during the final quarter, 1939 should prove another banner year for Provident Life & Accident, according to President R. J. Maclellan, who announces that the first three quarters have proved the most satisfactory as well as the largest in point of premium volume, ever experienced by the Provident.

Gains as a whole show an eight percent increase in premium volume for the first three quarters. If a comparable premium volume rate continues throughout the remainder of the year, the total should exceed the \$8,000,000 mark for the first time in the Provident's history.

Name Mid-Year Meet Committees

ST. LOUIS—The Accident & Health Underwriters Association of St. Louis held another meeting this week to formulate plans for the mid-year meeting of the National Accident & Health Association, which will be held at the De Soto Hotel Jan. 25-26.

George L. Dyer, Jr., Columbian National Life, president of the local association, appointed committee chairmen to handle details of the meeting. Mr. Dyer is general chairman.

It is planned to have the local committees meet each week so that all of the preliminary plans can be kept moving along the lines mapped out.

Old Line Life Shows Big Gain

New accident and health premiums of the Old Line Life of Milwaukee gained 38 percent for the first nine months.

Add Football Death Benefit

DES MOINES—The Iowa High School Athletic Association insurance board has added a \$150 death benefit

to be paid on fatalities from football injuries. Previously there had been no provision for death claims except in transportation accidents. The board's action followed the death of Glen Williams, Cedar Rapids, Ia., high school player. His family was granted a special payment.

The insurance premium of \$1.50 per player is paid partly by the athletic association and the remainder by individual schools. Iowa insurance agents have voiced disapproval of the plan as an infringement in their field, but no official action was ever taken.

PERSONALS

Mrs. L. E. Zacher, wife of the president of the Travelers, died last week at her home after a long illness. In addition to President Zacher, there survive a son, L. E. Zacher II, a daughter, Mrs. Betty Zacher Fahnestock.

John A. Keelan, vice-president of the Time, is making a good recovery from a serious heart attack several weeks ago. He is now convalescing at his home, 2346 North 48th street, Milwaukee.

Kenneth Spencer, president of the Globe Indemnity, was in Chicago last week visiting the department there on his way home from the Pacific Coast. K. O. Saunders, Chicago resident vice-president, gave a luncheon in Mr. Spencer's honor.

Roy Armstrong, who was treasurer of the old Southern Surety when its head office was at Des Moines, died at his home in Osceola, Ia., at the age of 65.

Schofield B. Gross, associate manager of the bond department in the Chicago office of Glens Falls Indemnity, has been elected president of the Riverside Golf Club at Riverside, Ill. Mr. Gross has been on the board of the golf club eight years and has served in all departments of its activity.

Miss A. V. Bowyer, Pacific Coast editor of THE NATIONAL UNDERWRITER, one of the women safety pioneers of California, appeared on a broadcast of the San Francisco Safety Council over station KJBS in recognition of five continuous years the council has been on the air. Miss Bowyer has been prominent in safety work since 1924.

F. A. Stark, 60, claims adjuster for the Michigan Mutual Liability, died from a heart attack suffered while he was bowling in Detroit. He had been under treatment for two years for a heart ailment.

The Travelers, which always gets out a distinctive calendar, for 1940 is using Currier & Ives prints. This is the third calendar in which these prints have been featured. For January is used the American railroad scene, then comes the American winter sports, old grist mill, the day of rest, "trotting tracks" at home, American farm scene, "wooding up" on the Mississippi, life on the prairie, camping in the woods, burning of the New York Crystal Palace, husking, American winter scenes. At the back is a paragraph or two of background information concerning these prints. Most of the Currier & Ives prints were published during the years when Travelers was being established and the scenes are typical of that period. The trains, clipper ships, pioneering activities and sports illustrated are similar to those in which many Travelers accident policyholders were injured. The only source through which these calendars are available are the Travelers and its representatives.

A. C. Posey, assistant manager of the Pacific Coast department of the Hartford Accident and Hartford Fire, who will soon leave San Francisco to take up new duties at the head offices in Hartford as vice-president of Hartford Accident, was the guest of honor at a dinner given by the Surety Association of Northern California with which Mr. Posey has been affiliated since his entry into the surety business.

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Iowa, Missouri, Ohio, Nebraska, Colorado,
Oklahoma, Tennessee and Texas*

Leader Discusses Acquisition Cost

(CONTINUED FROM PAGE 17)

people go to stores and buy. People do not go to insurance offices and buy insurance. Producers have to go out in the vineyard and stir up prospects, probably make a number of trips before a man is convinced that he should purchase insurance.

Comparison Is Made

"I was interested in a recent work published by the Twentieth Century Fund giving what might be called sales cost of a number of commodities that are retailed such as jewelry stores, 42 percent; furniture, 35; women's ready-to-wear, 31; department stores, 29; drug stores, 28; variety stores, 27; gasoline filling stations, 26; meat market, 25; groceries, 20; combination grocery and meat store, 18; automobiles, 16. Then take the products that have to be sold and people do not go to stores to buy them. For instance, retail cost of electric refrigerators is 50 percent, other commodities run up as high as 75 percent.

Gives Agency Experience

"Different bases of comparison would have to be used between the large city agency that supervises a considerable business brought in by solicitors and brokers and the small city agent where the business comes direct or through employees. Take, for instance, our own experience last year. Our agency sustained a very substantial loss running our large fire insurance department. After paying the producer his regular brokerage and after paying the insurance companies there was left \$4.02 per policy. From this we spent \$2.96 underwriting cost and \$2.49 service cost or a total of \$5.45. In other words, we lost \$1.43 per policy, not taking into consideration the promotional cost or the general administrative expense of the organization. In these days we cannot get by supervising and servicing small premium risks on a 10 percent margin.

Insurance Needs Wider Distribution

"The point that I make is that from the public standpoint there needs to be a much wider distribution of insurance. Thousands of people are uninsured and they should not be. The large premium risks can take care of themselves. They go into the market and buy insurance. They realize that they must have it. The man who owns a Ford automobile or lives in a rented house or apartment and may have \$1,000 or \$1,500 in value on the contents is not seeking insurance. In order to induce these thousands of smaller income people to insure it requires personal solicitation. It is more or less of an individual, household bell ringing duty. Take a fire in an apartment building in a large city. The solicitor goes from door to door in the neighborhood and finds that perhaps 80 percent of the apartment dwellers are not insured. The fire, however, has created a good psychology for him. Therefore, the brokers or solicitors that are making under \$2,000 a year are the ones that have to get this business.

"Many of them are not earning \$1,500 a year. In our own organization we take in young men and start them far down the line. It is very difficult for them to make a living even with the

commissions now paid. They are forced to seek as prospects those of their own station. They have not contacts with the large premium people. We expect these young men to grow in stature and along with the years develop more and more contacts that are really profitable.

"My own thought in the matter is that 25 percent flat commission to producers on small premium risks is not exorbitant. That commission paid is certainly in line with other businesses of a similar nature. Take the average fire and theft automobile premium and it may run to \$10. The solicitor gets \$2.50. If his commission is cut to 15 percent he cannot afford to continue in his work. We have been endeavoring to eliminate the part timer and try to develop full time insurance men. In order, therefore, to create a body of full time men who are willing to solicit these smaller risks, they must be compensated fairly. We must realize that these solicitors are doing a splendid work for the public at large. They are protecting the people in the lower brackets who need the insurance even more relatively than those that pay large amounts for insurance.

Group Life Insurance

"I would like to call your attention to the policy followed by life companies that write group insurance. In my mind, the compensation plan followed there reflects a very sensible course. There is a certain commission paid on the first \$5,000 of premium. Then that is reduced as the premium volume increases. It would not be to the best interest of the public to have a flat commission on a premium running into large amounts, say \$20,000 or \$25,000. Where a small group is secured the commission is reasonable. But on the larger premium risks there is a graduated scale which is very logical. Therefore, we should adjust the compensation to producers with relation to the service performed. I am a firm believer in this graduated commission scale and I think that when we speak of 'acquisition cost' we should define what we mean.

Contract Bond Scale

"In connection with contract bonds running to the federal government we have a similar situation to that found in group life insurance. When the contract runs over \$2,000,000 the commission is reduced. The percentage payment is decreased on excess amounts. That is a wise provision and the company and producer should both contribute when it comes to a lesser scale. The producers should not bear all the burden but they should do their part.

Automobile Finance Accounts

"I am in entire sympathy with the movement to reduce commissions on financed automobiles. Take, for instance, a financing company that has an insurance contract. It requires no soliciting or service to handle the insurance. The insurance does not have to be sold. The finance company requires the coverage. Therefore, it handles, we will say, 5,000 cars. The companies are sure of their money. The cost of service is very light. Think, however, what it means for solicitors to go out and get

5,000 individual cars covered. Then these solicitors have a personal service to perform.

"When we talk about reducing acquisition cost and apply it up and down the line flat we are doing a great injustice to the producers who are after the smaller business. We cannot get away from the fact that there is certain to be a higher cost because more work is required. This is seen in industrial life insurance where agents have to go into the highways and by-ways and find policyholders that can pay 5 and 10 cents a week. Collections have to be made. There are many lapses and the agents have to take up the slack. These industrial life agents are doing a great work in persuading people with smaller incomes to insure. Therefore, it seems to me that we should study acquisition cost along logical lines and think of the humanitarian side of the question. If commissions are reduced on these small premiums they will not be solicited or they will be on the hit and miss plan by part timers. The acquisition cost on the smaller premium is not too high.

"So far as the large premium risks are concerned we should recognize the fact that an agent is not justified in getting a flat commission where the insurance cost is high and the premium is big. Either, as I said, some concession has to be made to the buyer or he seeks a market where he can get his insurance more cheaply. This is not the case in the small premium risks where a lot of footwork has to be done, much time given and the margin of profit is small."

Grant U. S. Supreme Court Appeal

(CONTINUED FROM PAGE 17)

was in error in finding that it is not the only purpose or probable effect of the statute to increase the income of the resident agents but the important object of the statute is to require that all policies shall be placed by a resident agent who shall take a real and not a nominal interest in the placing of the business and performance of the contract, and that the requirement that he must retain one-half the commission will probably lead to greater participation of the resident agent and tend to create a more efficient agency force with the result that the local interests of the insured will be better served.

The petition for appeal was assigned by John Lord O'Brien, Buffalo, and Andrew D. Christian, Richmond, attorneys for the companies. Pending outcome of the appeal, the Virginia department is enjoined from enforcing provisions of the act.

Casualty Coverages Are Reviewed by E. I. Fiery

(CONTINUED FROM PAGE 17)

miums over private passenger car risks so as to allow preferred rates on cars not regularly used in business.

"Contrary to the opinion expressed in certain quarters, it was not conceived on the spur of the moment but was in fact adopted after careful study over a period of more than five years."

The plan is now effective in all but seven states, Louisiana, Massachusetts, New Hampshire, North Carolina, Texas, Virginia and Washington.

\$1,000 Auto Policy

Mr. Fiery declared further: "It has been evident for some time that we have not been properly reaching the great market of uninsured risks, approximating from 70 to 75 percent of the total number of private passenger cars. This new plan is designed to attract a large number of uninsured motorists, especially of the preferred class.

In commenting on the \$1,000 single limit policy which was adopted last year, he said that despite a slow start the demand for it is increasing, especially

among those who have never carried insurance and also those who dropped insurance for economic reasons.

The new Illinois truckers act provides an opportunity for agents to render valuable service to clients and to increase premium volume tremendously.

Mr. Fiery briefly reviewed the work of the Association of Casualty & Surety Executives and the success, thus far, of the safe driver reward plan.

He also brought out that there are far more better informed and expert insurance men today than there were a comparatively short time ago and as time goes on the number will be greatly increased.

ASSOCIATIONS

Nominate Douglass to Lead Chicago Casualty Managers

H. N. Douglass, resident manager New Amsterdam Casualty, Chicago, has been nominated for president of the Casualty Managers Club of Chicago to succeed E. I. Fiery, manager Royal Indemnity.

James White, manager liability department Travelers, was nominated for vice-president and L. S. Jones, manager Ocean Accident and Columbia Casualty, renamed for secretary. Recommended for the executive committee are Mr. Fiery, W. C. Eaton, superintendent underwriting, Zurich; John Pabst, manager Fireman's Fund Indemnity, and J. B. Munson, vice-president Bankers Indemnity. The next meeting of the Casualty Managers Club will be held Nov. 20 at the Union League Club.

Will Discuss Trucking Coverage

DETROIT—The first fall dinner meeting of the Michigan Casualty Underwriters Association will be held Nov. 15. Otway Conard, assistant secretary Standard Accident in charge of the automobile department, will speak on the attitude of the stock companies toward trucking coverage and the recent developments in the passenger car field in Michigan, and will conduct a discussion of these topics after his address.

Calhoun Heads S. C. Claim Men

Julian Calhoun, independent adjuster of Spartanburg, was elected president of the South Carolina Association of Claim Men at its annual meeting. He succeeds Cliff Anderson of American Mutual. Felix O. Cox of Atlanta, special agent for the Association of Casualty & Surety Executives, gave the address.

Ferrari to Speak Nov. 10

M. E. Ferrari, superintendent of fleet engineering, Continental Casualty, will speak on "Safety and accident prevention control as applied to automobile fleet risks," at a meeting of the Casualty Engineers Association of Chicago on Nov. 10 at 5:30 at Klein's restaurant, 302 South Wells.

The Oregon Casualty Adjusters Association, meeting in Portland, heard Chief Petty Officer Smith of the U. S. naval recruiting station.

Vincent Cullen, president, and Sherman G. Drake, vice-president National Surety, will be honor guests at a luncheon F. C. Brinkman, Kansas City branch manager, will give there Friday. About 50 representative business men and agents will attend. They are on a tour of the middle west.

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Holden Traces Development of P. & I. at Safety Congress

In speaking on "The safety movement as related to ship operations and marine insurance" at the National Safety Congress at Atlantic City, Capt. E. C. Holden, Jr., manager safety department United States P. & I. Agency, declared that the services rendered by American companies in providing marine insurance are, in his opinion, unequalled.

Captain Holden traced the history of marine insurance, bringing out that men have been willing to invest their funds in building and operating the world's merchant marine because of the protection furnished by marine underwriters against loss of their property by perils of the sea. In every large trade center there is an established marine insurance market patronized by all those engaged in insurance. By this means the inevitable losses are distributed lightly over all instead of falling heavily on a few.

The early forms of marine insurance related only to vessel and cargo. Human values as to the crews of vessels were not recognized. During the very early days vessels were usually manned by slaves who were chained in place and in case of shipwreck or disaster were usually left to their fate. In later years if a sailor was injured or killed it was commonly deemed to be in the category of "an act of God." Accidents were believed to be unavoidable and one's own ill luck.

Considerations for Human Values

It was not until about the middle of the 19th century that consideration was given to the value of human life of those who went down to sea in ships.

In 1769 the marine underwriters at Lloyds had formed a corporation and in 1779 adopted what is still known as Lloyds policy, the form changing but little with the course of years.

Lloyds policy of insurance made no provision for claims of third parties. The shipowners had no protection against claims made by another ship or its cargo arising out of a collision. With the values of ships and cargoes increasing, such liability became more and more important. Therefore in 1854 a "running down clause" was adopted which could be added to Lloyds policy for an additional premium. This covered three-fourths of the owner's collision liability in respect to claims of another ship and its cargo but was not intended to cover against loss of life and personal injury claims.

In 1855 the British Parliament arbitrarily decreed a £15 penalty due seafarers not having been properly provided for in case of accident or disaster, and the ship owner found himself in the position of having to carry one-fourth of his liability in respect to damage to other vessels and cargoes arising out of collision and a potential liability

of £15 per registered ton in respect of loss of life and personal injury.

This was the beginning of what is known as protection and indemnity insurance. Today the situation is changed greatly. Collision liability is no longer the principal liability. Personal injury and illness claims, damage to docks, bridges and other stationary objects which presented only a few small claims, at that time, are now a serious factor.

The world war brought restrictions imposed on American vessel owners by foreign governments especially where marine insurance was concerned and a demand arose for an American market in which American owners could secure protection and indemnity without subjecting themselves to the interference of foreign governments and foreign steamship owners. Eventually a firm of brokers who handled a large amount of P. & I. insurance and a group of their shipowner clients secured a charter from the New York state legislature to organize a mutual P. & I. association, which was formed in February, 1917. It was the first American P. & I. club.

At the close of the World War the United States Shipping Board found it necessary to protect its marine interests and approximately 2,400 vessels, accordingly it organized the United States P. & I. Agency which began to function Feb. 20, 1923, and as of that date the agency took the P. & I. insurance on all ships controlled by it. In the latter part of the '20s the Marine Office of America purchased the United States P. & I. Agency. The companies constituting the office began writing business on a strictly stock insurance basis.

Lorie Tells Why He Favors Surveys

As an ardent advocate of the survey method of selling, Percy S. Lorie, Kansas City, Mo., comments on the views of E. C. Gambrell of Dallas at the National Association of Insurance Agents' group sessions reported in the Oct. 12 issue under the heading "Agency Operation Topics Receive Much Attention." He was particularly interested in the comments regarding surveys made by E. C. Gambrell of Dallas.

"He is quite right about an agent delivering surveys in person, but I do not believe the forms of all companies are as cut and dried and inflexible as he would lead one to believe. The Aetna Casualty, pioneer in the insurance survey field, has forms that offer the utmost in flexibility. The survey is put up in a rigid fabricoid binder. When open, the right side contains a visible card index record of all insurance carried and the other side pages on which the agent can type his recommendations.

"Unquestionably a survey can be no better than the agent making it and, when used by an incompetent agent, can do more harm than good. I cannot agree with Mr. Gambrell's opinion as to whom an agent should make a survey for. I realize he is going on his own experience, but the Aetna Casualty recommends that agents make surveys not only for good customers who have a sufficient volume with the agency, but also for likely prospects whose business the agent has a good opportunity of

securing by presenting a well thought out survey. My personal experience bears out this opinion. To me it has been the best and most effective business getting weapon I have ever used. It lifts me out of the class of insurance salesmen and puts me in a position of being an insurance adviser. In that capacity it is easier for me to purchase for him the recommended insurance.

Agrees About Fee

"I agree with Mr. Gambrell's opinion about charging a fee for making a survey. I have had several customers offer to pay me for my services after I had made a survey for them. I let them know that the only compensation I seek is the opportunity of writing their business on an equal basis. I cannot agree with the opinion developed in the general discussion that an agent should not use the expirations secured when making a survey. If the concern involved has enough confidence to turn the policies over to the agent and if a survey is intelligently thought out and properly presented, the prospect should not object to a solicitation of his business as it comes up for renewal.

"In addition to the survey aids furnished me by the Aetna Casualty I have been using the Insurance Policy Sales and Survey Analyzer published by the Fidelity, Casualty & Surety Bulletins. I have found it very helpful and that it brings out many points often overlooked in checking policies."

The "F. C. & S. Bulletins" is a NATIONAL UNDERWRITER service.

Insurance Reduces Shock of Economic Loss

Insurance men work to reduce the shock of economic losses, A. W. Pardew, president of W. W. Flanegin & Co., and vice-president of the Pittsburgh Association of Insurance Agents, said in a talk before the Credit Association of Western Pennsylvania at Pittsburgh. Economic losses are the chief contributing factor to credit losses and if given the opportunity, insurance will step in between most economic losses and credit losses. Organizations extending credit do not belittle the value of their insurance for direct protection of assets and working capital, but in most cases such insurance is even more important to those to whom credit is granted. The smaller the firm the greater the need for protection.

Credit men as individuals are cautious about making inquiries regarding insurance and insisting on coverage. Credit men as a group through their association, however, can accomplish what individual effort cannot in this regard. Insurance men do not ask credit men to require credit applicants to carry every form of insurance but they should carry a specific list of coverages. Insurance is elastic and accomplishes its greatest service when fitted to the needs of the assured. In some cases the possibility of a certain type of catastrophe is remote while it may be the outstanding hazards in others.

To show that credit men are not unjust when they insist on proper insurance coverage, Mr. Pardew cited such facts as: 46 percent of the merchants and manufacturers who lose their stores or plants from fire are unable to re-establish themselves; the finest fireproof plant can be totally wrecked by an explosion; and even if a boiler explosion does not wreck the plant it can wreck enough machinery to render the entire plant worthless.

In answering the charge that credit men are taking unfair advantage in trying to dictate to business regarding insurance coverage, Mr. Pardew said that

Coinsurance Is Explained Simply in Pamphlet

A Millers National pamphlet gives a simple explanation of coinsurance which is of value to every agent. It is as follows:

"Coinsurance is an agreement between the insured and the insurance company whereby the insured agrees to maintain at all times insurance of not less than an agreed percentage of the actual value of the property insured.

"The consideration for this agreement is a substantial reduction in rate.

"Failure to fulfill the agreement means that the insured shall become his own insurer for the difference between the insurance he has and the insurance he should have under the coinsurance clause. He becomes a coinsurer with the company or companies on his risk and shall bear his portion of any loss that might occur.

"For example, John Smith has a stock of hardware invoicing at \$10,000. He accepts the 80 percent coinsurance clause (agrees to maintain \$8,000 insurance on his stock) and he is granted a reduction in rate. He fails to live up to his agreement and carries only \$6,000 in insurance. He is \$2,000 or one-fourth underinsured, and in event of a loss, say \$1,000, he would have to stand one-fourth or \$250 of the loss himself.

"The following simple formula may be used in determining exactly how much the insured will collect in case of loss on all cases where coinsurance is a part of the contract:

"Total amount insurance carried divided by amount which should have been carried times loss equals amount collectable from company, or companies."

*Not exceeding the face amount of the policy.

$$\frac{\$6,000}{\$8,000} \times \$1,000 = \$750$$

"There is no penalty when the agreement is mutually fulfilled.

"For example, if John Smith had carried \$8,000 which fully satisfied his 80 percent insurance agreement, he would not have had to participate in the payment of the loss.

"The total amount of insurance carried would balance the amount which should be carried.

"It is important for the agent to emphasize that the assured in taking advantage of the rate reduction granted through coinsurance must fulfill his agreement or else he becomes a coinsurer for the amount of the deficit."

Fall and Winter Sales Plans

The Standard Accident has mailed to all of its agents a broadside entitled "Rich Harvest." Inside are cited the following reasons for increased business the next few months:

1. The automobile business is swinging into its 1940 selling season bringing new opportunities for the sale of automobile insurance. The new selective rating plan and safe driver reward have increased the attractiveness of your sales story.

2. The approaching winter season increases the hazards of burglary and robbery as well as injuries to individuals, employees, and the public, thus creating new opportunities for the sale of adequate coverage for person, home, property and business.

if the credit applicant borrowed money at the bank with a mortgage on his plant as security, he would have to at least carry fire insurance. Furthermore, finance companies insist on insurance on trucks purchased on time.

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Will Have Joint Committee

The National Association of Life Underwriters suggested to the National Association of Insurance Agents the appointment of a joint committee to act together on defense measures, especially believing that the encroachment of the federal government in the insurance field in various ways is a menace to the business. The National Association of Life Underwriters appointed its committee

and then made the approach to the National Association of Insurance Agents, declaring that all lines of insurance were vitally interested in this issue. Its committee will be appointed soon.

New Edition of Popular Book

The fifth edition of "Fire Insurance Inspection and Underwriting" by Charles C. Dominge and Walter O. Lincoln has been published by the Spec-

tator Company. It treats briefly, in alphabetical order, 5,200 subjects relating to fire hazards, forms, schedules, inspection and underwriting. There is much technical information regarding hazards of different industries and processes, salvage possibilities of various stocks, types of building construction and lessons learned at prominent fires. The last edition of this useful work was published in 1929 and the current

edition has been almost entirely rewritten. It sells for \$6.50.

R. L. Perkins has been placed in charge of the insurance department of Abeles-Stevens, Inc., Newark. He was with the Newark office of Liberty Mutual for a number of years and more recently with the Barrett Co. in that city.

The American Estates Company, Indianapolis, has opened an insurance department, under the management of W. A. Shepherd.

FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Garrett Agency Has Field Meeting

KANSAS CITY — The T. W. Garrett, Jr., General Agency held its annual field meeting here. Attending were Barry Truscott, vice-president Camden Fire, who talked on "What a Company Executive Expects from a General Agency"; W. N. Achenbach, manager Aetna Fire, Chicago, "What Constitutes a Successful Field Man in the Opinion of a Company Executive"; Russell E. West, manager Century Indemnity, Chicago, "Why the Casualty & Surety Business Is Essential to the Successful Operation of a Fire General Agency."

A. E. Haas, local agent and professor of insurance at Rockhurst College, discussed "What Constitutes a Successful Field Man in the Eyes of the Local Agent"; Ted Rhodus, agency superintendent Garrett agency, "A Healthy Territory"; J. M. Dobbin, claims attorney, "Special Agent Uncle Sam"; Guy W. Swinehart, office manager, "The Importance of Details"; Val Hakanson, special representative, "Salesmanship in the Field Man"; C. H. Luling, Kansas state agent, "The Appointment of an Agent," and G. H. Wagoner, casualty underwriter, "Random Thoughts."

Among others who attended were C. S. Dunn, St. Louis; W. A. Corrigan, Wichita, and L. A. Ramsey, Cedar Rapids, Ia., state agents; H. T. Reed, J. W. Rodger, Jr., St. Louis; H. F. Simmons, Joplin, Mo.; and J. F. Bernstorf, Wichita, special agents; Joseph Berglund, Kansas City, bookkeeper.

Mr. and Mrs. Garrett entertained the state agents, branch managers and home office representatives at a dinner.

Illinois Dwelling Rate Cut 2 Cents, Garages Cut Sharply

The rate reduction in the dwelling and apartment class in Illinois that became effective Nov. 1, amounts in practically all cases to 2 cents on the dwelling itself in towns of classes 1-8. There is no reduction for dwellings in the unprotected towns, but the rates for the private out buildings in those towns are reduced to the same level as the rate for the dwelling.

The differential in rate as between garages and other private out buildings and the dwelling itself is removed in towns of all classification and that is a

Establishes Office at Cape Girardeau, Mo.

E. V. Cole, who has established an independent adjusting office at 1617 Broadway, Cape Girardeau, Mo., has been connected for many years with Western Adjusters and Underwriters Adjusting. He will undertake to provide claim service in southeastern Missouri, southern Illinois and northern Arkansas.

Mr. Cole was formerly manager for Western Adjusters at Cape Girardeau. He had also served as resident adjuster at Middleboro, Ky., Paducah and Madisonville. He is a native of Missouri and is regarded as a seasoned adjuster.



E. V. Cole

severe decrease. For instance, in towns of 1-6 class, the rate for brick garages previously was 26 cents, whereas the new rate is 14 cents.

New Edition of Ohio Laws

Due to the numerous amendments to the Ohio insurance laws since their last publication in 1935, the Ohio department has published a new edition, completely annotated, with all amendments to date. There is a nominal charge of \$1.50 per volume, postage prepaid. Orders are being received by T. L. Woods, financial officer division of insurance, State House Annex, Columbus, O.

To Discuss Unemployment Rules

CINCINNATI—H. S. Atkinson, administrator of the state unemployment compensation bureau, will discuss the question of unemployment insurance relating to insurance agencies at a meeting of the Cincinnati Fire Underwriters Association Nov. 9 at 2 p. m. in 1504 Carew Tower. In the case of insurance agencies, the question as to whether solicitors are employees or independent contractors under the Ohio law has arisen and Mr. Atkinson will discuss the matter.

The membership application of H. R. Whiteside & Co., qualifying with the sole representation of the New England Fire for class A membership, has been approved by the governing committee and will be acted upon by the members.

Kansas Executive Committeemen

At a meeting of the executive committee of the Kansas Association of Insurance Agents, called by President Laurin W. Jones at Hutchinson, W. T. Newkirk of Independence, and Roy Omer of Salina were added to the executive committee for two-year terms. Edwin Nellis, Topeka, fills out the unexpired term of Mr. Jones. Other members of the executive committee are Alex Case of Marion, retiring president; Clarence Lind, Kansas City; President Jones, Vice-president Victor G. Henry, and Secretary-Treasurer Wade Patton. A complete list of committee appointments is to be announced soon.

Victor G. Henry was in an automobile accident en route to Hutchinson for the meeting, suffering severe bruises, and was forced to return to Wichita, as his car was badly damaged. However, he was able to spend a part of the time at his office the latter part of the week.

Changes in Matteson Agency

ST. PAUL—Harry E. Olson, until recently with the James J. Casey Co. agency at Peoria, Ill., has purchased an interest in the Matteson Company agency of St. Paul and will manage that business. H. H. Matteson and his son, H. S. Matteson, have retired. J. Q. Haas, dean of St. Paul agents, who established the agency more than half a century ago, continues with it.

Helm to Speak in Duluth

DULUTH, MINN.—Clyde B. Helm, secretary Insurance Federation of Minnesota, will speak at the meeting of the Duluth Underwriters Association Nov. 13. Reports on the National Association of Insurance Agents meeting in Boston will be given by President Calvin How and others who attended from Duluth.

Minnesota Rule Book Change

MINNEAPOLIS—The Fire Underwriters Inspection Bureau has sent to Minnesota agents a new mandatory endorsement to all future policies containing extended coverage. The bureau clarifies the pro rata reduction of the

amount of insurance, deletes from the rule book the short rate on cancellations of farm property, makes changes in single state reporting forms, eliminates paragraph 6 for the purpose of extending term privileges to coal dock property, gives clarification for writing glass in greenhouses and adds two new vandalism and malicious mischief endorsements.

Des Moines School Setup Approved

DES MOINES—The Des Moines school board has approved the insurance program presented by the insurance committee composed of five agents, despite a protest presented to the board by other agents asking for a "fair share" of the coverage.

Superintendent of Schools Merrill said the committee had rendered valuable service and enabled the board to make great savings in its coverage of school buildings. The insurance committee is composed of R. M. Evans, B. C. Hopkins, A. J. Verran, Pearl Taylor and Ted Flynn.

Seek to Fix Rights to Mo. Fund

JEFFERSON CITY, MO. — The companies have brought an action in the Cole county circuit court in an effort to fix their rights to recover whatever balance remains in the fund that was created to return to policyholders the 10 percent excess premiums collected in Missouri during the period 1922-29. The companies brought their action in the form of an answer to an attorney's suit over legal fees for work done for the insurance department in connection with the restitution case. The answer did not estimate the balance that remains of the \$2,750,000 originally paid into the Cole county circuit court. However, it is estimated to be about \$2,360,468. There is a balance due to the fact that many policyholders could not be reached.

The companies' action is apparently intended to prevent any effort by the state to have the fund turned over to the state treasury.

Fennell Heads Iowa Adjusters

DES MOINES — J. E. Fennell of Sioux City was elected president of the Iowa Association of Independent Adjusters at a meeting here. He succeeds George Marof of Mason City.

R. L. Black of Des Moines was named vice-president and J. L. Hill, Des Moines, reelected secretary-treasurer.

Tax-Title Business to State Fund

LANSING, MICH.—The state land board has decided to insure all tax-delinquent properties to which the state took title Nov. 1, worth more than \$500, in the state fire fund. It had been planned at first to obtain coverage from private carriers for properties appraised at \$25,000 or more.

The state fire fund now contains approximately \$900,000, and the state properties already insured in it are valued at \$43,231,492. The attorney-general has ruled rental earnings may not be used to pay insurance premiums.

Cincinnati Study Made

City Manager Sherrill of Cincinnati is making a study of fire insurance coverage on buildings owned by the municipality. The finance committee of the city council has suggested this. The city insures only a few of its buildings.

Detroit Canvass Reduces Fires

DETROIT—A marked success in halting increases in fires in certain districts of the city is reported by officials in charge of a joint fire prevention project being carried out by the Detroit fire marshal and the WPA. The project consists of a house-to-house canvass by WPA workers under direction of Fire Marshal Lindemeyer to educate house-

Executive Committee Chairman in Wisconsin



AUGUST LUTZE

August Lutze of Sheboygan, Wis., who becomes chairman of the executive committee of the Wisconsin Association of Insurance Agents, is president and manager of the Security Insurance Underwriters.

Mr. Lutze came into the insurance business due to the death of his father, Ernst Lutze, in the spring of 1907. His father had entered the business in 1887. He carried on the work at home for his mother, who always maintained an active interest until July, 1924. Then Mr. Lutze became manager of the Security Insurance Agency, which prior to that time had been known as the George Heller Agency. In August, 1934, the Security Insurance Underwriters was incorporated and since that time he has been president and manager.

holders in preventing fire by eliminating hazards.

Mr. Lindemeyer says that in the 156 districts out of a total of 238 canvassed since the first of the year, in which steady increases in fires were shown over an eight-year period, there have been no increases since the canvass.

St. Louis Agents Ill

Carl S. Lawton of the Lawton-Byrne-Bruner Insurance Agency Company of St. Louis has had a severe attack of pneumonia but is now improved. He is seeing visitors at his hospital.

Another St. Louis man that is seriously ill is F. H. Kreismann. He is in a critical condition.

Interest in Cleveland Courses

CLEVELAND — The educational division of the Insurance Board of Cleveland reports an enrollment of 39 students in its courses. It is offering Part III of the fire course of the Insurance Institute of America, Part II of the surety course, and the inland marine course. Instructors are Vincent DeMello, Ohio Inspection Bureau; Gerald DeMarinis, Fidelity & Casualty, and H. H. Howarth of McGee & Co.

The committee has taken over the work of recataloguing and rebuilding the library of the board, to which many valuable books are being added.

NEWS BRIEFS

John B. Meehan, who has established an agency under the title of Meehan Insurance Service Company in St. Louis, has opened offices at 800 Colum-

bia building, 318 North Eighth street. Mr. Meehan handles all lines and gives particular attention to automobile business, including trucks. He has automobile finance facilities.

Oscar Beling, special representative Royal-Liverpool groups, spent several days in Indiana last week visiting local agencies. Mr. Beling is especially well posted on agency operation problems and his assistance is in constant demand.

Insurance offices in Minnesota will observe Nov. 30 as **Thanksgiving day**, that being the date set by Governor Stassen as the official holiday in Minnesota.

C. V. Fenner has joined the Hannan Agency of Detroit as manager of its branch office at 16500 Grand River avenue.

Guy Stevens has been appointed general sales manager of S. C. Hadley, Inc., Detroit agent, succeeding R. H. Jewett, resigned. Keith Brooks takes Mr. Stevens' place on the agency sales force.

The **Joseph A. Rogers Co.** has taken over the Houck agency membership in the Insurance Exchange of St. Paul.

SOUTH

Higher Loss Ratio in Texas Is Worrying Fire Companies

DALLAS—Field men traveling Texas are exercised over the large number of fires reported throughout the state thus far in 1939, and are speculating as to what the record will prove to be when the year comes to a close. Coupled with the heavy loss record are the rate reductions applied in many centers, classifications by the state rating authority, and notably the decision to grant credits to communities of almost village size populations, where the aggregate annual premium income could easily be wiped out by one substantial dwelling house loss.

Carter Has Cooperative Folder

B. P. Carter, general agent at Richmond, Va., has got out a folder containing potent material in connection with the consumer-cooperative issue. Much of it consists of issues of the "Messenger" which Mr. Carter publishes, covering various aspects of the movement and there is also much material concerning the cooperation of the Retail Merchants Association of Virginia in the crusade to acquaint business men of the threat that the consumer-cooperative movement offers.

Columbus, Ga., Board Elects

Plans for enlarged activities, including educational meetings, with agents from other towns as guests, and a fire and accident prevention program, have been adopted by the Columbus (Ga.) Board of Underwriters, which has named

W. C. Pease, Jr., president; F. G. Lumpkin, vice-president, and Shelby Compton, secretary-treasurer. President John W. Carswell of the Georgia Association of Insurance Agents addressed the board at its November meeting.

Texas Rate Probers Complete Work

AUSTIN, TEX.—A special committee of the lower house of the Texas legislature investigating fire insurance rates and other matters affecting insurance has completed its hearings and is at work on its report and recommendations, which will be filed with the next session. The committee, under call of Chairman Petsch, will meet again Nov. 17 to consider the preliminary drafts of the report.

Review Boston Convention

SAN ANTONIO, TEX.—F. C. Gittinger, president Texas Association of Insurance Agents; President Ed Frazer of the San Antonio Insurance Exchange; Secretary F. F. Ludolph and W. L. Stiles reviewed the important features of the Boston convention. Mr. Gittinger discussed problems connected with compulsory automobile liability insurance and Mr. Frazer emphasized the importance of the agent as a middleman and the dangers of the consumer co-operative movement.

Provost on Louisiana Commission

Governor Long of Louisiana has appointed Arthur Provost of New Iberia to the Louisiana insurance commission to succeed L. W. Cajan, whose term has expired.

Would Prohibit Extra Work Fees

AUSTIN, TEX.—Abandonment of the policy of permitting employees of the Texas insurance board to retain fees for doing extra work, such as copy work, was recommended by State Auditor King in an audit of the department.

Virginia Regional Meetings

The Virginia Association of Insurance Agents will hold regional meetings in Roanoke Nov. 29 and in Alexandria Dec. 6. Speakers will be announced later.

Texas Meeting Is Called

Inasmuch as a number of company officials will be attending the meeting of the Southeastern Underwriters Association at Pinehurst, N. C., an informal meeting of companies operating in Texas has been called for the afternoon of Nov. 13.

NEWS BRIEFS

Miss Lorraine Brockenbrough, daughter of T. W. Brockenbrough of the Richmond agency of Tabb, Brockenbrough & Ragland, was married Nov. 4 to J. C. Jones, III, of that city.

The directors of the North Carolina

Association of Insurance Agents have adopted a resolution in memory of **Louis M. Connor**, who died Oct. 13. Mr. Connor was a former treasurer, a director and at the time of his death was a member of the committee on rates, rules and forms of the North Carolina association.

L. R. Martin, Pocahontas, manager of the Arkansas Association of Insur-

ance Agents, will serve as a member of the advisory board to supervise construction of the new Randolph county courthouse at Pocahontas.

The **Insurance Women's Club** of Oklahoma City will hold its annual "Bosses Day" Nov. 22.

T. M. Mashburn has become manager of the First National Insurance Agency, DeQueen, Ark., formerly known as the R. P. Mitchell agency.

PACIFIC COAST AND MOUNTAIN

Deny Colo. Agents' Plea for Contingent

DENVER — The supervisory committee of the Rocky Mountain Fire Underwriters Association has declined the request of the Colorado Association of Insurance Agents for a 15 per cent contingent commission on the ground that this is a national rather than a local matter, it was revealed in a letter from Frederic Williams, secretary of the Fire Underwriters Association and of its supervisory committee, to D. U. Hampton of Colorado Springs, president of the agents' association.

Mr. Williams pointed out that the mountain field represents a very small part of the nation's insurance system and that problems such as this should be handled on a national rather than a strictly local basis. Elaborating on this statement, Mr. Williams showed that the same commissions are being paid in all 20 states in Western Underwriters Association territory; that Colorado, Wyoming and New Mexico produce less than 1½ percent of the national premium income of stock companies and consequently that it is impossible for them to talk of changing acquisition costs in so small a territory.

Underwriters Annex Issue

In connection with the resolution presented before the supervisory committee requesting the retirement of underwriters annexes, the letter took the stand that this matter is primarily up to the agents themselves. Declaring that if agents in a given territory don't want to represent underwriters annexes, there will be no necessity for them, Mr. Williams referred this proposal back to the local agents' group for further consideration. He said this matter is under better control here than anywhere else in the United States, due to a requirement that any underwriters annex must operate in at least three other states before being admitted here.

The third resolution, which requested that the local agents' association be consulted before any further changes are made in rates, forms or rules, was acted on favorably by the managing committee. As a result, the Mountain Field Club at its monthly meeting invited the Colorado Association of Insurance Agents to appoint one or two members to sit with the forms and rules committee of that body in an advisory capacity at future meetings.

Agent Collected Premium, Didn't Write Policy; Must Pay Loss and Lose License

DENVER — A drive against agents who collect premiums and fail to write insurance was launched by Commissioner Kavanaugh with the revocation of the license of W. L. Dent of Brighton, Colo., and the issuance of an order compelling Dent to stand a \$300 loss. Under the Colorado statute, the commissioner is given the powers of a court of record in a case of this kind. This was the first time in a great many years that a Colorado commissioner has invoked those powers.

The action was based on a complaint filed by Elmer Dunn, a farmer living near Derby, Colo., who charged that Dent wrote a policy on his house and

failed to put it into effect. He discovered this action early in August when he attempted to collect on a loss following a fire in which his furniture was damaged to the extent of \$300.

Ordered to appear before the commissioner, Dent and his attorneys defended the charge. However, he was found guilty, was compelled to pay the loss personally and had his license revoked.

"It has also been brought to the attention of the department that some finance companies are charging automobile purchasers for fire and theft insurance and then failing to write the policies," Mr. Kavanaugh said. "That practice, too, must stop."

Honor W. H. Gibbons, Retired After 54 Years Service

SAN FRANCISCO—W. H. Gibbons, who recently retired as assistant general agent of Edward Brown & Sons after 54 years with the firm, was presented a handsome leather cushioned easy chair of large proportions at a luncheon tendered him by company managers and general agents. Clifford Conly, Pacific Coast manager Great American and Phoenix of Hartford, who was in charge of arrangements, was toastmaster and "presenter."

Carl N. Homer of Swett & Crawford read resolutions adopted by the Logging Insurance Association, in which Mr. Gibbons was named chairman emeritus of the association, which he helped to found and of which he was chairman for many years. Other speakers were Arthur M. Brown, Sr., and Arthur M. Brown, Jr., with whom Mr. Gibbons was associated in the firm of Edward Brown & Sons.

Cooperative Topics Attract Outsiders to Agents' Meet

SAN FRANCISCO—A feature of the annual convention of the California Association of Insurance Agents, which starts in Oakland Nov. 13, will be the attendance of a number of business executives from the San Francisco Bay area who are interested in the consumer cooperative problem. The meeting which is attracting these men from outside the field of insurance is being held Monday afternoon and will consist of a program to be presented by the Profit Motive Institute of Los Angeles—organized a few months ago by a group of insurance agents and company representatives.

Recognizing those who have had long service and who were pioneers in the association, the convention committee has named Walter J. Wilson, one of the

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four original founders of the organization, honorary general chairman, E. H. McCandless, Oakland, oldest living past secretary, has been named honorary convention secretary.

Cal. Surplus Law Upheld Against Lloyds "Agent"

LOS ANGELES—The California surplus line law, which has attracted attention throughout the country, was upheld last week when the appellate division of the Los Angeles county superior court rejected several technical defenses and affirmed the conviction of Hartlet Caldwell for acting as agent for a non-admitted carrier without being licensed as a surplus line broker. This is the second time Caldwell has been convicted of such operations. He faces a fine of \$150 or 75 days in jail.

Caldwell was charged with placing marine policies in London Lloyds without having a surplus line license. He made the ingenious defense that he was a member of a Lloyds syndicate, with power to bind insurance, and that his action came within the exception to the surplus line law which permits any citizen of the state to negotiate and effect insurance on his own property with a non-admitted carrier. The California insurance department, which prosecuted the case, presented evidence from Lloyds that there was no such syndicate and that Caldwell was in no way connected with Lloyds.

Judge Interprets Exception

Presiding Judge Shaw further rejected Caldwell's defense, on the ground that this exception permits an assured to negotiate with a company by mail, telegraph or telephone, to go out of the state and negotiate with the company, or to deal through a licensed surplus line broker, but does not give an agent of a non-admitted carrier any authority to solicit insurance in the state. Another defense of Caldwell's

was that the old code, which was not specifically repealed by the new insurance code, excepts marine insurance from the prohibition of soliciting, negotiating or effecting insurance with non-admitted companies. Judge Shaw held that this section was repealed by implication, but, even if it remained in force, other portions of this section would still make Caldwell's act illegal.

Caldwell was also convicted in the lower court on the charge of soliciting insurance without an agent's or broker's license. This conviction was reversed, on the ground that this section of the licensing law related only to agents of admitted carriers and that it was not the intention of the insurance code to impose a double penalty upon the same act.

Give New Accounting Course

SAN FRANCISCO—A new course in insurance accounting is being added to the classes conducted by the educational committee of the Fire Underwriters Association of the Pacific. A. C. Gorman, agency supervisor Fireman's Fund Indemnity, will be instructor in this series, which will run from Nov. 13 to April 15.

Mr. Gorman is instructor in insurance accounting at the insurance school of Golden Gate College and has served as chief statistician of the Fireman's Fund and Occidental Indemnity for a number of years.

Arizona Conference Held

At the time the Arizona Association of Insurance Agents met in Tucson, the members of the executive committee had an informal conference with the Arizona advisory committee. Chairman W. F. Fotheringham was unable to be present. Those from the advisory committee were George E. Townsend, vice-chairman; J. M. Wylie, Jr., H. W. Nason and B. F. Weaver. M. R. Colwell, manager of the Arizona Equitable Rating Office, attended. The

Arizona association executive committee members present were C. W. Bond, Phoenix, chairman; Harry Talma, Tucson; V. M. Haldiman, Phoenix; Lewis Rupp, Bisbee; George Amos, Tucson; William Aven, Prescott; E. J. Jones, Douglas; Spencer Kimball, Safford; Sherman Hazeltine, Prescott, and J. C. Miller, Phoenix.

Hear Talk on Extended Cover

LOS ANGELES—More than 150 members attended the November dinner meeting of the Insurance Exchange of Los Angeles, at which Special Agent V. M. McKinney of the America Fore spoke on the extended cover endorsement, and President Harold W. McGee interpreted some of the recent rulings of insurance division relative to rebates, requirements to be complied with by agents and brokers and signing of policies.

W. H. Glassick and Robert White, who had attended the convention of the National Association of Insurance Agents in Boston, reviewed the highlights of that gathering.

W. H. Menn, past president of the National association, was given an ovation when announcement was made that the Detroit cup, awarded to the state association rendering the most outstanding service of the year, had been awarded to the California association because of its success in establishing the "guiding principles."

Martin Addresses Brokers' Course

SAN FRANCISCO—J. H. Martin of the Standard Forms Bureau addressed the first session of the educational course of the Insurance Brokers Exchange. R. E. Pettingill, chairman of the educational committee of the exchange, presided. Mr. Martin will also speak Nov. 13 on "Insurance Fundamentals."

NEWS BRIEFS

Vice-president L. C. Lewis of the North America group visited Los Angeles with H. J. McCauley of San Francisco, Pacific Coast manager.

All insurance offices in San Francisco were closed a half day Tuesday, date of the special election on the "ham and eggs" pension plan. A number of insurance employees were given the entire day away from their offices to enable them to do "precinct work"—an unprecedented move in the insurance business in the west.

George W. Clarke of the law firm of Clarke & Clarke addressed the Seattle Blanket Club on the standard fire policy.

CANADIAN

Ontario Department Frowns on Part-Time Salesmen

TORONTO—The Ontario department is going over renewal applications for fire and casualty licenses and some weeding out is going to be done, according to Chief Agency Officer Rogers. With the exception of realtors, the department now more than ever is frowning on part-time salesmen whose premium sales per annum do not even come close to the average.

Mr. Rogers also intimated that each application for renewal of license for full-time fire and casualty licenses will be given a thorough scrutiny and where it is indicated that premiums are not within a reasonable distance of the average for full-time salesmen of such types of insurance, the agents will be asked for an explanation.

Many agents have been late in filing license renewal applications. The old licenses expired Sept. 30. The last week of October the department was inundated with applications, very few coming in the first three weeks of the month. The result is that it probably will be a month later before they are disposed of

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than it would have been if the applications had been sent in on time.

While the matter of license fees was discussed at the recent annual convention of the Ontario Fire & Casualty Insurance Agents Association, with some delegates favoring a return to a flat rate of \$3, the committee in charge will not make any changes in the fees for the coming year at least.

Webber with Agricultural

The Agricultural has appointed M. E. Webber as inspector for Ontario. He is located at 12 Wellington street, East, Toronto. He was formerly with the Royal as inspector, superintendent of agencies and later assistant manager.

The **Globe & Republic** has been licensed in British Columbia. It has planted with the non-tariff agency of Lock & Ree.

C. L. Kregoe has been appointed special agent of the Pearl Underwriters for Toronto, with offices in the Victory building.

EAST

Pittsburgh Agents' Banquet Nov. 14

PITTSBURGH—Speakers at the 20th anniversary banquet of the Pittsburgh Association of Insurance Agents Nov. 14 will include Commissioner Taggart of Pennsylvania, Mayor Scully of Pittsburgh, and H. M. Albert, Stroudsburg, president Pennsylvania Association of Insurance Agents.

The featured speaker, Wellington Potter, local agent of Rochester, N. Y., will be introduced by R. A. Tucker, Tucker & Johnston, chairman of the competition committee, which is in charge. Ralph H. Alexander, deputy insurance commissioner; F. D. Moses, secretary-manager Pennsylvania Association of Insurance Agents, and K. H. Bair, Greensburg, past president National Association of Insurance Agents, are expected to attend. A. W. Pardew, W. W. Flanegin Company, vice-president of the Pittsburgh Association, will be toastmaster.

Past presidents and directors of the local association will have places of honor. Past presidents include James McClure, H. E. McKelvey, A. C. Daragh, C. C. Kohne, and H. P. Lichtenhaler.

N. J. Committees Are Named

NEWARK—President T. S. Brown of the New Jersey Association of Underwriters has announced his committee appointments. Chairmen are: Accident prevention, W. T. Ashby, Newark; administration fund trustee, C. S. Stults, Hightstown; automobile, A. V. Livingston, Englewood; Bergen plan, A. V. Livingston; branch office and acquisition costs, D. S. Schenck, Jersey City; Business Development Office, E. M. Schmults, Ridgewood; compensation, W. A. Schaefer, Newark; constitution and bylaws revision, E. M. Schmults; dental, H. L. Brooks, Newark; educational, H. D. Holmes, Summit; fire prevention, J. F. Neilson, Englewood; grievance, A. D. Reeve, Newark; legislative, H. L. Godshall, Atlantic City; local board, H. A. Faunce, Atlantic City; membership, D. M. Pearsall, Westfield; qualification and resident agency laws, D. S. Schenck; rural agents, A. T. Riedel, Pompton Lakes.

Chandler Goes with Dempsey

Frank M. Chandler has resigned as manager of the Inland Mutual's branch office at Baltimore and with W. R. Dempsey has become associated in the firm of W. R. Dempsey, Inc., with offices at 300 Water street. The Inland Mutual's branch office has been removed to the Dempsey agency, which has been

appointed exclusive state agent in Maryland. The agency also has an exclusive state agency for Pennsylvania Casualty and has wide binding power at London Lloyds. Mr. Chandler is a nationally known casualty man who formerly was located for many years in Chicago.

Mr. Dempsey formerly was vice-president of Associated Indemnity, having been stationed for some time in Chicago. He is a native of Baltimore and has had more than 25 years' insurance experience. He has operated as W. Rae Dempsey, Inc., for some time. The office also represents Dubuque F. & M. and Massachusetts Bonding in Baltimore. Dempsey and Chandler are the active partners in the agency.

Plan Profit System Information

BUFFALO—A committee to obtain information on the profit system for dissemination among members was appointed by the Buffalo Association of Fire Underwriters. C. H. Wilson urged cooperation with the Automobile Club of Buffalo, in line with the policy of the local association to cooperate with civic bodies toward prevention of accidents.

Lodge Speaks at Annual Dinner

BOSTON—A. D. Cronin, general chairman of the committee in charge of the annual dinner of the Insurance Society of Massachusetts Nov. 21 in honor of Governor Leverett Saltonstall, announces that Henry Cabot Lodge, Jr., junior United States senator from Massachusetts, will speak, in addition to the governor. President Alexander Ellis of Fairfield & Ellis will be toastmaster.

R. L. Alexander Leaves Department

HARRISBURG, PA.—R. L. Alexander, chief of the division of audits and statements in the Pennsylvania department, has resigned. He has been with the department in various capacities during several state administrations.

Hudson County Christmas Party

The Underwriters Association of Hudson County will hold its Christmas party Dec. 12 in Union City, N. J. Officers of the New Jersey State Association have been invited to attend, as have general agents, special and state agents.

Hackensack Association Elects

HACKENSACK, N. J.—The Hackensack Insurance Agents Association has elected Allan H. Miller, president; Frank Merritt, vice-president, and Joseph Moore, secretary-treasurer.

Ernest Nixon, who recently acquired two Boston suburban agencies after 40 years as a broker and agent in Boston, has purchased the Boston Board membership of the Street & Co. agency, which recently retired.

The Hillsboro county division of the New Hampshire Insurance Women's League will meet in Manchester Nov. 20. W. D. Neese, Standard Accident, will speak. Miss Beatrice Dolloff of Manchester is chairman.

MOTOR

Surmise Finance Company Behind New St. Louis Insurer

Although no official information is forthcoming as to the identity of the interests behind the new Middlewestern Fire & Marine of St. Louis, insurance men are guessing that it is one of the finance institutions of that city. The incorporators and members of the first board of directors are all members of the St. Louis law firm of Jones, Hocker, Gladney & Grand, apparently so as to conceal the real parties at interest.

With the commissions to finance companies being reduced, either by volun-

tary action upon the part of the companies or at the instance of the state, many of these concerns have given serious consideration to the idea of forming their own insurance company, either to carry the risk themselves or to reinsure most of the liability and get a higher commission through the reinsurance route.

A number of such companies have been formed throughout the country and the prediction is heard that the birth rate is destined to increase in the near future.

W. E. Schoppe, Pacific Coast manager of the National Automobile Theft Bureau, has a new solid gold San Francisco police department star, presented to him by the bureau of inspectors of the department for his years of cooperation and assistance.

The Motors Insurance Corporation, formed to write fire, theft and collision on motor cars financed through General Motors Acceptance Corporation, has been admitted to the state of Washington.

Predicts Sabotage Attempts

MINNEAPOLIS—Sabotage of American armament and munitions plants will be attempted following repeal of the arms embargo, members of the Twin City Mutual Insurance Club were told by Dr. Richard Steinmetz, arson investigator of the Mutual Fire Prevention Bureau, Chicago. He said insurance companies and fire prevention agencies are taking steps to guard against incendiary fires set at industrial plants by individuals seeking to check the flow of munitions abroad.

Emphasis Is Again Put on Inspections

(CONTINUED FROM PAGE 5)

At the luncheon the first day talks were made by the secretary of the chamber of commerce of Canton, O., and by Allen D. Merrill, local agent of Terre Haute, Ind., who was general chairman of the inspection in his city, which was one of the most successful ever conducted. Also at the head table were R. D. Hobbs, manager Western Actuarial Bureau; S. M. Buck, vice-president Great American, and president Western Underwriters Association; E. A. Henne, vice-president America Fore, and chairman subscribers actuarial committee; W. N. Achenbach, western manager Aetna Fire, who served as chairman at the first conference ever held of officers of state fire prevention associations.

Technique at Terre Haute

Mr. Merrill demonstrated in graphic fashion what can be done by the local agents of the city to promote publicity and gain good will through capitalizing on town inspections. Mr. Merrill and his committee induced the local newspaper to cooperate to the utmost. The mayor, chamber of commerce and fire chief were enlisted in the undertaking. Each agent paid \$10 toward a fund. Two full pages of advertising were run by the agents and Mr. Merrill suggested that the newspapers solicit hotels, building material dealers and other merchants for advertising in connection with the inspection. This was done and the newspaper devoted an entire section to the undertaking.

The Indiana Inspection Bureau and the state fire marshal's office cooperated. Twelve deputy fire marshals, in uniform, participated. These fire prevention inspections, Mr. Merrill observed, provide concrete evidence of the service rendered by stock companies. The activities go right into the home. The cost, he said, is worth while from the standpoint of fires prevented and from the good will created. Incidentally, he stated, the enthusiasm that was engendered in Terre Haute has resulted

in the local board being much more of a vital factor.

Dallas Hostetler, secretary of the Canton chamber of commerce, spoke in highest terms of the town inspections. He advocated that the sponsoring unit be the chamber of commerce, as it is all-inclusive. If the approach is made through a particular service club, for instance, some jealousies may arise.

The Canton chamber of commerce, he said, recognizes fire and accident prevention as one of its major activities. It is a means of reaching the entire community. The Canton chamber of commerce, he said, became interested in the crusade through the efforts of such men as Mr. Vernor, Harry K. Rogers of the Western Actuarial Bureau, T. A. Fleming of the National Board. These men gave the chamber its incentive and encouragement, he declared. They dramatized the problem. They demonstrated to the chamber the feeling of satisfaction with which the service is compensated.

Properly conducted, he said, the local reaction to a town inspection is most favorable. It is a valuable public relations endeavor. "Why should representatives of stock fire companies not give one or two days a month in community service—in a service in which they are specialists?" he asked. "This should be part and parcel of the merchandise that they sell." Fire insurance men, he said, will get a better reception, after having shared the activity in connection with the town inspection with their assured.

Canton, he said, has requested that an inspection be conducted next spring. The chamber of commerce undertakes, he said, to maintain the momentum between the promotional efforts directed by the insurance companies, but it is important to get that stimulation periodically. He said that new fire fighting equipment was obtained in Canton and he attributed the fact that the city made the expenditure to the stimulation that came from the fire prevention efforts. The chamber of commerce is now seeking to have the city purchase a drill tower.

Wants Thorough Inspections

The chamber of commerce, he said, wants the inspections to be thorough and they like to receive a comprehensive report. At the last inspection in Canton, which was in December, 1932, he said, it was found that 68 percent of the properties inspected harbored fire hazards.

After opening talks were given by Mr. Vernor and J. Burr Taylor of the fire prevention department, round table discussion and question and answer periods were conducted. These brought out a multiplicity of facts and suggestions. Many practical suggestions were advanced and stimulation was gained.

Among those who served as leaders for the discussions were: R. E. Murphy, Underwriters General Agency, Omaha; George L. Steeples, Home of New York, president Kansas association; G. B. Akin, Royal Exchange, president Kentucky association.

Mr. Murphy suggested that schools of instruction be held periodically to acquaint the newer men in the field particularly with the technique to be used in conducting inspections and with some of the diplomatic phases of the work.

Mr. Vernor said that it would not be necessary for men from headquarters at Chicago to conduct these courses, but that the more experienced men in the individual states could do so. He said that the green men in the field should not be assigned to conduct inspections of public buildings, as there are a number of special considerations to be taken into account in this work. Mr. Vernor agreed that the newer men should be encouraged to engage in town inspection activity, but said he deplores the attitude of some of the older men who feel that they have "done their trick" and no longer take an interest in the work. As a valuable public relations endeavor, the work should be supported by the best heads in the

field. Those who shun the work are as much as admitting that they are all through, he declared.

A discussion on the handling of Boy Scouts and firemen was led by J. Burr Taylor, Western Actuarial Bureau. Organizing the Boy Scouts and firemen provides a good tieup in fire prevention work as these groups act as a liaison between the community and the fire prevention association.

An improvement in followup systems was urged. After the premises are inspected, property owners are sent duplicates of the findings and are asked to correct hazards.

Rogers Leads Stimulating Session

A stimulating round table session on the work of association presidents and secretaries was led by H. K. Rogers, Western Actuarial Bureau. It is the president's job to provide enthusiasm, leadership and have a knowledge of the business. He must have interest in the work, energy and good judgment. Mr. Vernor urged that the association organize its activities early in the year, deciding what to do in advance and not to wait for development.

In considering the secretary's job, such factors as finances, publicity, records, supplies, followups, correspondence, assignments, checking scouting reports, and contacts were considered. Mr. Vernor warned against unnecessary expenses. He said that the Western Actuarial Bureau was operating on a budget so that it had to be cautious in its expenditures. The problem of compensating secretaries is difficult to solve, but at present secretaries are allowed \$37.50 expenses for any one month in which inspections are held.

At the Tuesday luncheon Mr. Vernor discussed the development of the Inter-Chamber Fire Waste Conference. He has headed its contest committee since 1922. Despite the fact that the contest idea is being used in various fields there is still a great deal of interest. There are three separate contests in the fire protection field, the Inter-chamber contest sponsored by the United States Chamber of Commerce, the Fire Prevention Week contest sponsored by the National Fire Prevention Association, and the contest sponsored by the National Board through the Junior Chamber of Commerce. Mr. Vernor urged the field men to keep these communities straight on the different contests, so as to avoid confusion. In Western Actuarial Bureau territory, Mr. Vernor has the state fire prevention associations appoint the district chairmen for the inter-chamber contest. The value of the contests is shown by comparative fire losses, the contest cities having a fire loss of \$1.31 per capita in 1938 compared with \$2.34 per capita in other cities.

Western Territory Leads

In the Western Actuarial Bureau territory 226 of the eligible cities are entered in the contest and 224 are not. This is better than the countrywide record as one-third outside the territory are entered compared to one-half within. Kansas has been doing especially good work this year with 24 of its 26 eligible cities entered.

The work of keeping the chambers of commerce interested must be continuous, as they automatically drop out at the end of three years if they are not renewed, Mr. Vernor said. The inter-chamber fire waste contest is a good project for the state associations to sponsor.

At the luncheon W. T. Shirley, New York Underwriters, Chicago, former Iowa association president, and Earl V. Neuberger, Omaha general agent, were introduced. Mr. Neuberger urged the field men to take advantage of the opportunity to talk before various organizations that welcome fire prevention speakers.

J. R. Freije, manager of the insurance department of the Schloss Brothers Investment Company, Indianapolis, has been named a vice-president.

May Conciliate on Fireman's Fund's Resignation

(CONTINUED FROM PAGE 5)

(Sun), Bartholomay-Darling Co. (now Bartholomay-Darling-Clarkson Co.; Royal Exchange, Fred S. James & Co.; Northern of London, Johnson & Higgins, and Fireman's Fund, Alexander & Co.

The I.M.U.A. approved certain status for all of these agencies but Alexander & Co., that filing being tabled. It has been reconsidered at various times since, but remained tabled until early this spring when it finally was disapproved. The effective date then was postponed, but finally was made Nov. 1. Much negotiation preceded that date, but no agreement could be reached as to a status of Alexander & Co. acceptable to the I.M.U.A. and Fireman's Fund.

In the meanwhile, the I.M.U.A. had disapproved general agency standing for all but A. F. Shaw & Co., Osborn & Lange and Johnson & Higgins. Later, the latter office was taken off a general agency basis and approved on a brokerage basis. Bartholomay-Darling was approved as a supervising agency and James & Co. as a supervising agency for some business and general agency for other lines.

The difficulty over designation, it is explained, is that before the I.M.U.A. was formed, companies were unregulated as to commissions they paid their agencies, but under the I.M.U.A. a maximum commission schedule was attempted. Some companies were unwilling to disturb their long connections at Chicago.

Unbalanced Condition Claimed

Under I.M.U.A. rules, once an agency's status has been set, that is approved for all other companies which can place in the same agency. However, during the six-year period in which the Fireman's Fund's filing for Alexander & Co. has been tabled, it is said to have been impossible for any other I.M.U.A. company to place with Alexander & Co. and pay the same commission scale as did Fireman's Fund. To have done so would have been payment of excess commission under the rules. This caused disgruntlement among other companies.

For its part, Fireman's Fund entered I.M.U.A. in good faith, followed the prescribed course, and, lacking a definite ruling on Alexander & Co., it is reported, continued to pay the commission scale as theretofore.

Both I.M.U.A. and Fireman's Fund officials have been very reserved in their utterances since the resignation was filed, but it is believed Fireman's Fund will not depart from its sound underwriting and management policies during the 60-day period to Jan. 1, nor afterward, even if it should prove impossible to reconcile the views on the Chicago situation. It is stressed that the resignation was made due to a difference of opinion over a matter of principle.

Decide to Defer Consideration

Harold V. Smith, president of the Home of New York and head of the I.M.U.A., declared in New York the latter organization would defer taking up the matter of the resignation until the political skies have cleared on the Pacific Coast, where President C. R. Page of Fireman's Fund has been very active in the effort to defeat the "ham and eggs" or \$30 every Thursday, amendment to the California constitution.

In a statement to THE NATIONAL UNDERWRITER, President Page said, "The reason for this resignation is that we have differed with that organization (the I.M.U.A.) upon the question of what constitutes a complete parity of competitive opportunity, and as many months of discussion have failed of a solution which either the association or we feel can be accepted, we have reluc-

tantly tendered our resignation as the only way we can see to accomplish what we conceive to be a principle of great importance to both companies and agents alike."

The commission scale paid the "accepted" agencies is said to have ranged

from 5 to 7½ percent above the highest approved for other agencies.

Technically, under I.M.U.A. rules, to pay a higher scale than is approved would make a company subject to fine, but it is reported no fines have been assessed due to the Chicago situation

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and there is little likelihood that any will be. The I.M.U.A. acted in the utmost good faith and feels, doubtless, that its rules must be enforced if the organization has value.

Opportunity Shown for Farm Business

(CONTINUED FROM PAGE 4)

long arduous hours in attempting to convert farmers to mutual insurance as approved by the bureau. Your best way to combat this movement is to spend unstintingly of your time and effort to persuade farmers to buy or continue stock company insurance.

"There is no doubt of the increased aggressiveness of farm mutuals and reciprocals. There are a number of factors that have brought this about, but the main thing with which we are concerned is that they are very aggressive. Many mutuals are expanding—that is, reaching out into new territory, putting on more solicitors, making unusually liberal settlements—adjustments never contemplated by the terms of the policy contract—and in fact doing many things that would not seem to follow sound

underwriting principles. Yet, in the main, they are good underwriters, as the insurance is held to a very conservative figure and careful attention is given to both the physical hazard and moral hazard, the latter being practically eliminated.

"Here is an example of their aggressiveness and alertness: Many such companies favor their policyholders by placing spark arresters on flues of shingle roof houses, making no charge for either these arresters or their installation. I wonder how many of you are overlooking an opportunity for helping your farmer policyholders in securing spark arresters for their flues with the resulting insurance credit?

"Your answer to the increased activity of mutual leaders is to show improved fight yourselves. I am sorry to say I have heard entirely too many agents state that they had given up, that it was useless to combat the mutuals. This attitude is entirely incorrect. No battle can be won without a fight. No man ever won a victory by running away.

Government Friendly to Mutuals

"There can be no doubt that the government has in recent years been taking a great interest in farm mutuals—in fact, the Department of Agriculture has gotten out several pamphlets on

various subjects as regards mutual insurance, all favorable to the mutuals. It has a publication telling in detail how to organize a farmers mutual. Many officials openly favor mutual insurance, and in several instances professors connected with state agricultural colleges openly do much to advance the mutual cause.

"This last summer, much to our surprise, we found the Department of Agriculture actually entering the field of insurance as a carrier in connection with the then proposed plan of government insurance of corn under seal. This plan was not carried out but it does show clearly that there is in the minds of some men of the Department of Agriculture the belief that the government should enter the field of farm insurance.

Farm Losses Increased

"Just why farm fire losses suddenly increased in the middle of the summer of 1938 we do not know, unless reduced prices for farm products was the cause, thus bringing into the picture the dreaded spectre of moral hazard. Heavy farm losses have continued since then and have as a matter of fact been considerably on the increase during 1939, with still no letup. Of course, the picture has somewhat changed since the new world war as prices of farm products have naturally increased. Even so, farm fire losses continue to roll in for large amounts and in large numbers, but it is recognized that this may be due, at least in part, to the extremely dry weather that the entire middle west and even the south have experienced this fall. It seems very necessary that agents use care in their underwriting, and that insurance be held to a figure below the utility value of the property to be insured.

Satisfactory Trends

"Now for the more satisfactory trend in our business—the silver lining:

"The Business Development program has been carried to the rural agents and the farm fire field, and it is my firm opinion that farm special and rural agents have gained a great deal in an educational way from this program. As to whether the Business Development program is the result of the renewed determination of agents and stock companies to recover business lost to the mutuals, or the Business Development program has brought about renewed determination on the part of companies and agents I do not know. It is very evident, though, that such a spirit has developed and with expected success.

"It is a known fact that if agents do make a real effort farm mutuals can be raided—in fact, driven out of the field. I have known agents who, through their ability and determination, have actually succeeded in forcing large, well organized farm mutuals to withdraw from the agents' territory.

More Liberal Farm Coverage

"More than a year ago you were given the more liberal farm coverage now generally in use by stock companies, but I wonder if all of you have taken full advantage of this liberal form. My experience is that some agents immediately took full advantage and secured much new business, especially personal property insurance. Also, these agents did not overlook an opportunity to rewrite existing policies, so as to offer their assured the new form, and were thus able to include additional personal property insurance needed. Now you have premium insurance and extended coverage for the farm policy, and these features give the stock company agent a distinct advantage in competition, and the coverages are very favorably received by farmers. There is a vast field open to you with this new form.

Increase in Farm Values

"Since the beginning of the war there has been a material increase in farm values, especially in wheat, corn, cotton and live stock, and this has brought about an optimism among farmers

based on the prospect of future earnings with a profit on their operations that gives you a great opportunity to secure new business, and to convert mutual policyholders to stock company carriers. When corn, wheat and live stock were very cheap the farmer neither had the inclination nor the money to protect this personal property with insurance, but now this personal property represents such tidy values that it is not difficult to convince the farmer that he must have insurance protection.

"Farmers go to mutuals in hard times when money is scarce, but come back to stock companies when times are better. There is much personal property now to be written. And don't forget that these better times also mean better collections for you, and this fact makes it possible for you, in turn, to more promptly pay your company accounts. It is my observation that premium collections have been much better the past few months.

Fire Prevention Information

"Fire prevention information is being brought to the farmers' notice by agents and stock companies alike, and good results are being accomplished. Much literature is now available on the subject of farm fire protection. Because of the lives lost in farm fires the Red Cross now has literature available on the subject of farm fire prevention. Evidences of farm fire prevention are seen in the fact that good farm roads have been built, electricity has been brought to the farm home and care taken in proper installation. The telephone is in general use and rural fire departments are being organized, or arrangements are being made with fire departments in towns and cities to service the surrounding farm territory. So that this service may be of value many farmers are arranging for an adequate water supply.

"One of the most favorable factors in the farm insurance business today is that rural agents are organizing by state groups, sectional groups, county and even town groups for the purpose of working in a unit in recapturing business lost, of promoting better ethics in the business, of self-education as regards insurance matters, and for the purpose of lending encouragement and mutual assistance to one another."

U. S. Crop Insurer Has 140% Loss Ratio for '39

The Federal Crop Insurance Corporation announces that the indemnities paid and the claims in process of payment on account of the 1939 wheat crop amount to 9,461,730 bushels of wheat. The net premiums received amounted to 6,769,120 bushels, leaving an excess of indemnities over premiums of 2,692,610 premiums. There is no statement given as to the expense ratio.

FCIC in its publicity release states that it is not disturbed by this high loss ratio in the first year, as it is confident that in a year of better than average crops the reserve will accumulate a surplus over indemnity requirements. Capital funds of about \$1,430,000 have been expended or earmarked for excess indemnity on account of the 1939 crop.

FCIC states that one out of four farmers that insured their 1939 wheat production has received an indemnity. The loss frequency is attributed by FCIC to the low crop yields in many states as compared to the average for the 1926-35 base period of the program, on which insurable yields and premiums were determined.

In 1939, crop insurance was in force on about 7,600,000 acres in 31 states. The wheat yield in these states as a whole was 10 percent below the average yield of the base period. Losses were particularly extensive and severe in Nebraska, Kansas, Oklahoma, Texas and South Dakota. Nearly half of the insured growers in these states suffered losses.

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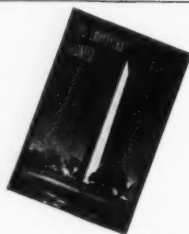
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